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‘Black Christmas’ Predicted for Hospitality Trade

Insolvency and pub trade experts are predicting that, with yet more winter snow on the way this weekend, distress in the already beleaguered pub and hotel sector will rocket in January after weeks of poor weather compound problems for many independents and chains.

Insolvency experts at leading business rescue and recovery specialists Begbies Traynor are warning that in certain parts of the UK, where the weather has cost some businesses up to two weeks of their most lucrative month’s takings, the toll will be too much for many businesses to bear.

The double whammy of tightening consumer belts and severe weather problems have left thousands of pubs, restaurants and hotels counting the cost of missed Christmas parties, reduced local trade and cancelled business travel that will force many struggling businesses to the wall in the early part of 2011.

“The hospitality sector has seen falling revenues and rising prices over the past few years, and with business borrowing difficult to secure in the sector, the missing revenues will be the final straw for some hospitality businesses, both small and large,” said Julian Pitts of Begbies Traynor.

“Although some local community pubs have seen an uplift in trade as people unable to work enjoyed impromptu daytime get-togethers with friends and neighbours, the majority of rural pubs, town centre venues and restaurants have suffered, and some venues have seen takings slashed by 90 per cent, losing tens of thousands of pounds of much needed revenue.”

“It will be January before the real cost is counted, and the knock on effects are felt when supplier payments and payroll are due in what is the quietest trading month of the year for many,” he added.

Distressed pub management firm Winterhill Leisure, specialising in managing struggling pubs for breweries and leisure operators, is already seeing the signs that 2011 will be the hardest year for decades for the already battered pub trade.

“We are seeing a deluge of CVs and enquiries from candidates who are worried about their jobs and are already looking for more secure positions with new employers,” said James Waddington, operations director for the national chain that operates over a hundred pubs across the country.

“The hundred or so pubs we manage have seen mixed fortunes, with some village pubs benefitting from additional drinkers when they were cut off, but even these venues have been hit by a lack of supplies and deliveries where the snow prevented access, especially in the East of England and Scotland.”

“For many hundreds of pubs and restaurants successful trading through the quiet January and February period will be down to careful cash management and a helpful bank manager.”



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