

## 2012 Games Tourism Seminar, 26 January 2010

### Andrew Cosslett, Chief Executive, IHG – Sponsoring the Games speech

Ladies and Gentlemen, Minister,

Holiday Inn is delighted to be sponsoring the London Olympics. We believe we can play an important role, not just in making sure that the Games are a success, but in grasping the opportunity to showcase tourism in Britain.

When we decided to sign up for 2012, we didn't just want it to be simply a question of financial support. We want to work closely with LOCOG and be an integral part of the Games success.

We bring to bear experience gleaned at the Beijing Games two years ago, Athens before that, Sydney and Atlanta before that.

What's more, hospitality is our business and we will be using all our expertise in helping run the Olympic village to ensure that athletes have the best experience they can.

This will include being involved in the design and fit out of the athletes rooms, organising the housekeeping and running the check-in. When a Chinese athlete arrives at the village they will be greeted in their own language and be able to eat the food they want. We will do this by engaging colleagues from the 100 countries around the World in which we operate to come and support these games. Its small details like this that will make the London games stand out.

I believe we all have a shared responsibility to make these Games as good as they can be – but we also share a responsibility to grasp the broader opportunity which 2012 represents for the United Kingdom.

The Olympics should be the catalyst to a boon in travel and tourism.

But if we are going to make the most of this opportunity then we have to accept a frank assessment of where we start from.

Only a couple of years ago, Margaret Hodge, who we heard from earlier, expressed her concerns about the pricing and quality of hotels in and around the capital in regard to 2012.

Let me assure the Tourism Minister that the industry is committed to providing high quality and affordable accommodation.

In the teeth of this recession we at IHG have continued on with a £600 million global relaunch of Holiday Inn – the biggest single initiative ever undertaken in the hotel industry, covering 3,300 hotels globally and 230 hotels here in the UK.

We will open 40 hotels this year in the UK and create over 25,000 jobs worldwide.

We would like to see the Government and politicians show a similar commitment to bringing in policies which will underpin the industry, incentivise more investment in high quality, affordable accommodation and ensure that the tourism industry grows before and after the games.

Travel and tourism is the largest employer in the country, employing over 2.7 million people.

If conditions are right, VisitBritain estimates we could create 164,000 new jobs in the next few years.

The health of the hotel and tourism industry, will determine much of the success of the 2012 games. It will certainly have an impact on the overall experience of the thousands of visitors we expect to welcome to our country.

But that opportunity could be lost if taxation, rising costs and regulation are allowed to grow as they are right now.

Recent changes to the capital allowances regime and, an onerous rates revaluation, are proving to be enormous disincentives to investment.

With national insurance rising and a new Carbon Tax being introduced operating margins are also being affected.

VAT returning to 17.5% at a time when our neighbours are reducing value added costs add to the challenge. Germany and France have both recently reduced VAT levels in the hospitality sector, Germany from 19% to 5 in an effort to stimulate more demand and create jobs. Perhaps this is an approach we should take too.

The Games provide a unique opportunity to showcase London and the rest of Britain as a tourist destination.

The investment going into the legacy infrastructure is impressive and will be enjoyed for generations to come. But the return on investment which this country as a whole could enjoy will be far greater if the marketing and packaging of Brand Britain is as well supported and planned.

So we need a coherent and joined up plan on how we intend to market the nation as a destination pre, during and post the Games. I'm struggling to see that at the moment.

We all know that 2012 is about so much more than just two weeks of sport in July.

It is about building lasting legacies. One of these should be enhancing this country's image abroad and bringing lasting benefits to our economy as a result.

We are proud to work with LOCOG, to be sponsors of 2012 and to be part of the Games.

We are going to give it everything we can to make them a success.

Let's hope the Government start to see the Games, and the travel and tourism industry as the opportunity it really is.

Thank you...