



“F&B Reinvented” Trends Report and Panel Discussion November 14, 2010



Hotel F&BTM
For Hotel, Resort, and Casino Food & Beverage Operations



TRENDS

Today's F&B Panelists

Moderator:

- Michael Costa, industry relations editor, *Hotel F&B Magazine*

Panelists:

- Wolfgang Lindlbauer, senior vice president, food & beverage, Marriott International, Inc.
- Tom Prykanowski, regional director, Choice Hotels International
- Richard R. Schneider, CFBE, vice president of non-gaming operations, Caesars Atlantic City
- Ned Barker, president, Grill Ventures Consulting, Inc.



TRENDS

12 Key Hotel Foodservice Trends*

- 1. Thinking Big and Poised for Profit – Promotions Create Customer Momentum for 2011**
- 2. Giant Steps for Green F&B: Far Beyond Farm-to-Table**
- 3. Buttering Up Your Bread and Butter – Offering Clients Unprecedented Value in Banquets and Catering**
- 4. Upping the Ante at Breakfast – Capturing Customers with Modern Touches and Tweaks**
- 5. Reinventing Fine Dining for Today’s Casual-Focused Customers**
- 6. “Bottom Up” F&B – Profitable Concepts Generated Through Customer Feedback**
- 7. Resurrecting “Dead” Hotel Space with Wildly Successful F&B Outlets**



TRENDS

12 Key Hotel Foodservice Trends*

- 8. F&B Technology Transforming Guest and Staff Experiences**
- 9. Using F&B as a Marketing Asset for Community Outreach**
- 10. Local Libations: Showcasing Regional Beverage Programs**
- 11. Beyond Grab N' Go: Driving Sales Through Niche Lobby F&B**
- 12. Smaller Kitchens, Bigger Responsibilities**

*See details and *Hotel F&B* coverage of trends in Appendix at end of presentation.



TRENDS

What's In This For Me?

- **Easing Out of the Downturn:** The hotel F&B landscape projected and analyzed for 2011.
- **Staying Ahead of the Competition:** Proven ideas for your own properties/operations.
- **Case Study:** F&B reinvention at Courtyard by Marriott.

TRENDS

1. Overview: Thinking Big and Poised for Profit

➤ **Change in Attitude for 2011**

“We've been so ingrained in terms of attrition, making sure that we're staying afloat and we're fiscally responsible, that it's time to change gears and start thinking about a plan for what's next. We've had a few years to sharpen our pencils, now we have to sharpen our creative pencils, or we'll be behind the curve.” – **Anonymous VP of F&B for a well-known hotel management company.**

➤ **Lessons Learned**

“I think the economy aside, there's always the stigma that hotel food and beverage might be a bit overpriced. So we're really trying to create a better relationship between price and value within the hotel umbrella. And I know this very issue of price value is a big one, not just for us, but within the industry.” – **Anonymous VP of F&B for a well-known hotel chain.**



TRENDS

1. Promotions Create Customer Momentum for 2011

➤ **Parc 55 Wyndham – San Francisco**

Playing off of Parc 55's name, the hotel's Cityhouse restaurant and bar offered 55-cent drinks and appetizers for every other item ordered, resulting in "doubling the outlet beverage sales, and from a big picture standpoint, raising awareness in the community that Cityhouse was open for business," according to Director of Operations, Rob Robinson.

➤ **Hotel Monaco (Kimpton) – Seattle**

To promote a new "brown bag" lunch menu at the hotel's Sazerac restaurant, staff handed out 1600 free brown bag lunches over two days. "There were "lines around the block, and it resulted in a 15% - 20% increase in lunch covers overall. Sazerac continues to see increased lunch business as a result of that promotion today," says Kimpton COO Niki Leondakis.



TRENDS

1. Promotions Create Customer Momentum for 2011

Hotel F&B Covers the Trend (July/August 2010)

Hotel Palomar, Atlanta – “Scramble Gamble” Breakfast Promotion at Pacci Ristorante:

During the first two months the property was open, Pacci counted only about 10 weekend breakfast or brunch covers a day. With the launch of the promotion, that number rose to 60 to 70 per day. The afterglow remained after the promotion ended, and 50 covers per weekend day became the norm.



TAKEAWAY: Customers expect value now. By continuing to focus on competitive pricing and promotions in 2011, hotels can generate excitement and expand their customer base to include locals as well as in-house guests, creating a foundation that will help a hotel’s F&B operations weather the storm in a tough economy, and become a bigger part of the everyday F&B landscape surrounding the property.

TRENDS

2. Green F&B: Far Beyond Farm-to-Table

- **What's the Buzz?:** A growing number of hotels, like the Fairmont San Francisco, InterContinental Boston, and the Marriott Downtown Chicago, all maintain on-site apiaries. Honey produced at the Marriott Chicago is sold to customers in jars, used in house-made pastries, and added to locally produced honey beer sold on tap at the hotel.
- **On-Site Gardens as Event Space:** The Hotel Monaco (Washington D.C.) hosts specialty dinners outdoors in the hotel's Poste restaurant garden, called "Poste Roast." Ingredients for the meal are sourced from the garden itself and surrounding farms. The first round of dinners sold out, generating approximately \$52,000 in revenue for the property.
- **Taking the Guest Through Farm-to-Table:** Woodlands Inn in Summerville, South Carolina, is clearing 80 acres of land surrounding the property to create its own farm, which will be used to take guests through an entire "farm-to-table" experience on property, as well as supply the hotel's menus.
- **Green Staffing:** Kitchen crews at Dover Downs Hotel & Casino in Dover, Delaware, and Barona Resort & Casino near San Diego are fully trained in green practices, such as recycling, composting, and energy efficiency when using kitchen equipment.



TRENDS

2. Green F&B: Far Beyond Farm-to-Table

Hotel F&B Covers the Trend (July/August 2010)

JW Marriott Grand Rapids, Michigan:

Cost savings, a pristine loading dock, a burgeoning garden, and the ability to attract more green meeting business are all benefits the hotel is seeing from the SORT (Specialized Organics Recycling Team) program.

TAKEAWAY: Savvy guests are wary of “greenwashing” in 2011, so a hotel can stand out from the competition by incorporating creative green practices into every aspect of a hotel’s F&B operation, projecting genuine environmental interest that customers will believe, and provide long-term benefits of energy, transportation, and purchasing savings.



TRENDS

3. Banquets & Catering: Buttering Up Your Bread and Butter

➤ **28 Days Later...**

Glen Cove Mansion Hotel & Conference Center in Glen Cove, New York, recently hosted a VIP group for 28 days, and didn't duplicate a single menu item during those four weeks, according to Executive Chef Andy Helliwell. He challenged his staff to "wow" the client, and jokes it was "more than putting out 288 different chafing dishes."

➤ **Themed, Interactive Meeting Breaks**

The Marriott Hartford Downtown Hotel executes a "Going Bananas" break, with a staff member dressed in a banana costume, and a "Hearth and Home" break, with a staff member dressed as an elderly woman in a rocking chair. Attendees often have their pictures taken with the characters.

➤ **Family Style Banquet Service**

Parc 55 San Francisco transfers a popular freestanding restaurant practice into the ballroom, offering clients sharable, family-style portions of the menu instead of a buffet or plated service.

TRENDS

3. Banquets & Catering: Buttering Up Your Bread & Butter

Hotel F&B Covers the Trend (July/August 2010)

Kimpton Hotels - Corporate B&C Initiative:

Kimpton's top brass suggested a five-day window in October for groups to book events for December 1 through January 1 and receive 50 percent off of the entire catering bill for the event.

Kimpton generated \$80,000 from small parties that otherwise wouldn't have happened at the 45 of its 48 properties taking part in the promotion. Now, the group of boutique hotels with chef-driven restaurants plans to make the promotion a regular feature.



TAKEAWAY: Banquet & catering revenue can sink or save a property when margins are slim, so the backbreaking work to “wow” a client with custom events, menus, and pricing, even at some extra cost to the property, can pay dividends by securing future business for the hotel.

TRENDS

4. Upping the Ante at Breakfast

- **Competition for Complimentary Breakfast:** Best Western, Comfort Inn, Homewood Suites, and other select and limited service brands are overhauling and updating their complimentary breakfast programs, including menus, display pieces, and space-saving cooking equipment. The quality of the morning meal is a key differentiator among brands today, as well as a factor in where customers choose to stay.
- **Brunch to the Rescue:** The Washington Duke Inn in Durham, North Carolina, transferred their successful Sunday brunch template to slow Saturday mornings, increasing covers by 30%, and revenues by 50%. The Claremont Hotel & Spa in Berkeley, California revamped its “basic” brunch to include a Bloody Mary bar, and inventive displays, resulting in an additional spike of 200 covers since the changes.
- **Sonesta Maho Beach Resort & Casino, St. Maarten:** A weak-performing, “tired” breakfast buffet was given new life when a modern fruit carving action station was built, including a glass block shelving display showcasing whole fruit. Customer feedback and staff morale increased almost immediately, according to Kathy Rowe, Sonesta’s VP of F&B.





TRENDS

4. Upping the Ante at Breakfast

Hotel F&B Covers the Trend (July/August 2010)

Sheraton Waikiki “Living Herb Wall” at Breakfast
“Our cooks ask if guests would like fresh herbs in their omelets,” says Executive Chef Darren Demaya. “We simply pick them and add them straight in. It creates memories and reasons for guests to return.”

TAKEAWAY: Breakfast is the highest capture rate of the day at many hotels, and it’s colliding with increasingly sophisticated customer tastes—what used to be “good enough” often isn’t anymore, and it doesn’t matter whether it’s a limited or full service hotel. If a hotel can impress guests with a high-quality, memorable breakfast, they likely have an edge on the competition in when it comes to repeat business.



TRENDS

5. Reinventing Fine Dining for Today's Casual Customers

- **Orchids at Palm Court/Hilton Cincinnati Netherland Plaza**
Voted Cincinnati's #1 restaurant two years in a row (2009, 2010) by *Cincinnati* magazine, and rated five stars by the *Cincinnati Enquirer*, Orchids underwent a major overhaul recently due to slow business. Executive Chef Todd Kelly divided the menu into more affordable taste portions and prix fixe options, and as for décor, Kelly added eight more tables (for a total of 24) to create a more "metropolitan" feel. He also removed butter cloches from the tables and repeat bread offerings during service, and even updated staff uniforms for a more contemporary look. Since the changes, covers are up 40%.
- **The Dining Room, Woodlands Inn, Summerville, South Carolina**
Voted "Restaurant of the Year" in 2009 by the *Charleston Post and Courier*, and Five-Star, Five-Diamond rated since 2004 and 1996, respectively. The Dining Room relaxed its longtime "jacket required" rule in May. Covers have increased 150% since the change.



TRENDS

5. Reinventing Fine Dining for Today's Casual Customers

Hotel F&B Covers the Trend (May/June 2010)

MGM Grand, Las Vegas: Updating Michael Mina and Joël Robuchon's Restaurants:

Mina's willingness to trend toward more moderate fare proved to be a stabilizing measure. While the average check has declined from \$135 to a still-substantial \$85 to \$90, covers have shot up by 70 percent. The magic of those numbers means that revenues have actually climbed by up to 30 percent. The profits promise a quick return on investment for the costs of redecorating and transforming the outlet.



TAKEAWAY: With very few exceptions, this is a paradigm shift for hotel fine dining outlets, and it's not limited to attracting younger customers. Diners in the past often treated going out as a special occasion, and fine dining restaurants reflected that. Diners today, whether they're Baby Boomers, Gen X, or Millennials, eat out multiple times a week. Consequently, familiarity with the experience means they have less patience in formal environments, they want more choice on the menu, and they're willing to pay less per meal.

TRENDS

6. Bottom Up F&B: Customer-Driven Menus



- **Marriott Harbor Beach Resort & Spa:** This Ft. Lauderdale property rolled out a failing spa menu, but through customer feedback, rebuilt it into a winner, doubling the sales of the original menu.

- **Tiburon Grill/Larkspur Hotels:** This restaurant at Tiburon Lodge in Tiburon, California was reconcepted from the ground up, including Larkspur employees interviewing locals about what they'd like to see on the menu, and how much they would pay for each item. The result has been a nearly 52% increase in revenues.
- **Hyatt Waikiki:** A stagnant room service menu was given a jolt after F&B staff visited a popular "build-your-own" sandwich shop nearby and transferred the concept. Room service covers increased by approximately 18%.
- **Stations Casinos:** Low customer survey scores resulted in a complete overhaul of Stations's buffet concept. Guest satisfaction metrics spiked as a result.

TRENDS

6. Bottom Up F&B: Customer-Driven Menus

Hotel F&B Covers the Trend

(March/April 2010)

Sheraton and Westin branded menus successfully developed though customer feedback:

“In the past, the menus may have been more chef-driven and not necessarily looking at what the customer wants. Chefs love veal, venison, foie gras, and caviar, and they’ll put those items on the menu. But if we only sell one or two a week, that doesn’t make much sense,” says Christoph Leu, Starwood corporate chef.



TAKEAWAY: Listening to the customer—especially one that dines out regularly—and building menus around their feedback is a proven template to generate repeat business. Chef-driven menus will always have their place, but in a tight economy, covers and sales are what pays the bills, and there’s less room to take chances. Give the people what they want, and they’ll come back.

TRENDS

7. Using F&B to Resurrect “Dead” Hotel Space

➤ **Fornetto’s Little Wine Shop, Whitehall Hotel, Chicago:**

An underused coffee kiosk turned into a profitable compact wine shop, offering selections from the hotel’s Fornetto Mei restaurant at 40% off the menu price.

➤ **Pool Bar/Kitchen, Handlery Hotel & Resort, San Diego:**

An out-of-place gift shop gutted and transformed into a poolside kitchen and bar, creating the proper logistics to expedite poolside F&B efficiently, instead of relying on the main kitchen and lounge to fill orders.

➤ **Room Service Kitchen, Villa Florence Hotel, San Francisco:**

A seldom-used storage area turned into a dedicated “kitchen-of-one” for room service, complete with a panini press, toaster oven, and pizza oven. The space frees up the main kitchen to focus entirely on restaurant and in-house catering production.



TRENDS

7. Using F&B to Resurrect “Dead” Hotel Space

Hotel F&B Covers the Trend (September/October 2010)

Sheraton Dallas: Underperforming Flower Shop Transformed into Successful Frozen Yogurt Outlet Called “Chill”:

“In a good year, the flower shop produced about \$300,000 in revenue but brought little to the bottom line or even lost money. Chill’s profit margin is about 65% in a modest year,” says Maki Nakamura Bara, managing partner and co-founder, Chartres Lodging Group.



TAKEAWAY: The entire hotel has the potential to be utilized for niche F&B revenue generating opportunities, as well as increased logistical efficiencies. As customer tastes change rapidly, F&B locations should be flexible and fluid enough to meet guest expectations.

TRENDS

8. F&B Technology Transforming Guest and Staff Experiences



- **Hyatt/Project FBI:** “Food & Beverage Innovations” is an intranet program launched in January at each North American Hyatt property, with the goal of putting every F&B manager on a “project team” with other F&B managers, and have them collaborate on ideas and best practices for their hotels.
- **Online Recruiting Through LinkedIn:** More and more, F&B executives are finding other F&B executives to fill openings in their organizations through direct contact on sites like LinkedIn. One anonymous hotelier says online applications through job sites “just aren’t worth the time to sort through anymore. Most of the candidates are poor quality.”
- **Online Ordering for Room Service:** Select Omni hotels, and other individual properties in the U.S. are rolling out online room service programs, where all ordering is done via laptop or smartphone. Omni’s early feedback shows nearly 40% of evening room service orders coming from the online system, and most are pre-orders for breakfast.

TRENDS

8. F&B Technology Transforming Guest and Staff Experiences

Hotel F&B Covers the Trend (September/October 2010)

Fairmont FAME Online Beverage Training:

“The goal here is to make the training ubiquitous. Each beverage team can pull down the information and use it when the days are slower, or anytime they need a refresher,” says Mariano Stellner, corporate director of F&B at Fairmont Hotels & Resorts.



TAKEAWAY: Technology in F&B continues to evolve, augmenting existing training programs, and helping hoteliers connect with other hoteliers about ideas and employment opportunities. For the guest, the ease of ordering F&B via the touch of a button will likely result in higher sales for hotels that have the software and infrastructure in place.



TRENDS

9. Using F&B for Community Outreach

➤ **Gourmet & Grapes/The Sanctuary at Kiawah Island Golf Resort, Kiawah Island, South Carolina**

This three-day event raises thousands of dollars for cancer research at the Medical University of South Carolina Hollings Cancer Center, while showcasing celebrity chefs, as well as the property's culinary talent and facilities to locals and in-house guests.

➤ **Edwardian Dinner/Glen Cove Mansion & Convention Center, Glen Cove, New York**

To celebrate the property's 100th anniversary recently, 75 local dignitaries were invited to a dinner prepared by F&B staff that replicated a 100-year old ("Edwardian" era) menu, free of charge.



TRENDS

9. Using F&B for Community Outreach

Hotel F&B Covers the Trend (November/December 2010)

“May We Take Your Jacket?” Initiative at Woodlands Inn, Summerville, South Carolina:

The property collected 750 suits and coats during the month-long program, and donated them to the Summerville Workforce Center to be used by returning veterans for job interviews. In exchange for their donations, participants received a free appetizer in the Dining Room at Woodlands Inn. The initiative was timed to coincide with the Dining Room relaxing its “jacket required” rule for the first time.

TAKEAWAY: Giving back to the community helps a hotel build goodwill and expand its customer base at the same time. It opens the doors to on-property F&B that might otherwise have been ignored, and many guests feel better spending money at a hotel that shows a genuine interest in the well-being of the surrounding area.





TRENDS

10. Local Libations: Regionally Focused Beverage Programs



- **Handlery Hotel & Resort, San Diego California**
All seven beer taps at Handlery are San Diego-area brewed beers, and they now outsell all brand-name bottled beer at the resort, with a 25% of the sales coming from locals.
- **Stowe Mountain Lodge, Stowe, Vermont**
Features it's own locally brewed Hourglass Ale, regional wines from nearby Snow Farm Winery, and regional spirits from Vermont distilleries.
- **Marriott Downtown Chicago**
Sells its own house-branded Harvest wine and cherry cola, produced through local artisans, and its own house-branded beer, brewed by Chicago's Half-Acre Brewery.

TRENDS

10. Local Libations: Regionally Focused Beverage Programs

Hotel F&B Covers the Trend **(July/August 2010)**

Showcasing local wines at Larkspur's Tiburon Lodge in Tiburon, California:

“We have top-notch winemakers here in Marin County, and we wanted to support them and include them on the list. Many of them have become great customers at the restaurant, and we’ve actually sold some wineries out of wine,” says Ann Davis, wine consultant for Larkspur Hotels.



TAKEAWAY: Wine in particular is not limited to West Coast properties—there are wineries in Michigan, New York, Georgia, Illinois, and Virginia, to name just a few. By showcasing regional artisans, hotels can create a unique beverage identity that stands out from the competition, while impressing the customer with a genuine “green” beverage program. Also, purchasing and transportation costs are greatly reduced because of the short distance the products travel from the source.



TRENDS

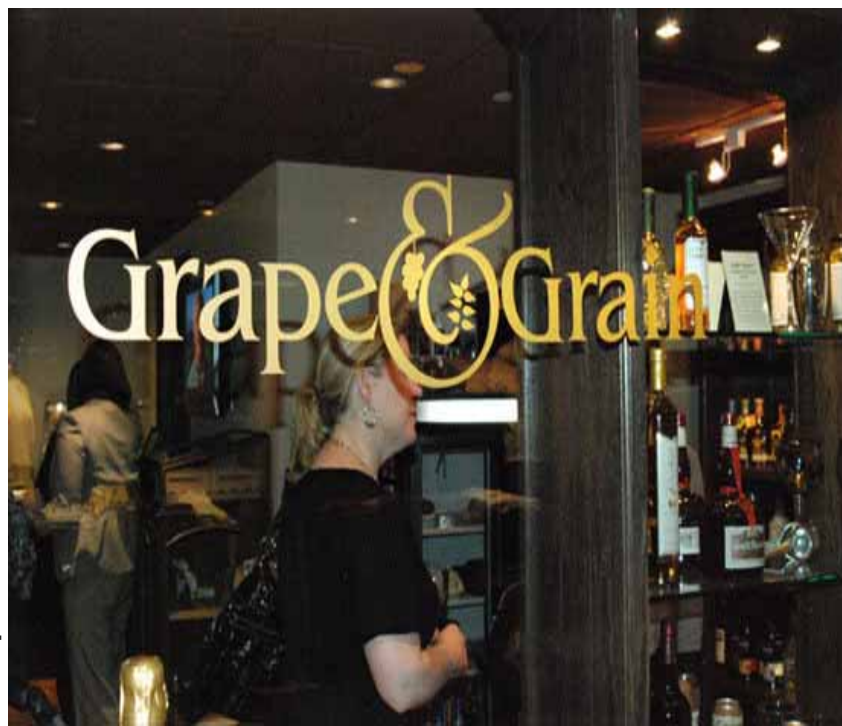
11. Beyond Grab n' Go: Niche Lobby F&B

➤ **Grape & Grain/The Phoenician, Scottsdale, Arizona**

Described by staff as a “mini Dean & DeLuca”, this F&B retail outlet sells gourmet bites, and wine, beer, and spirits that also appear on the menus at the resort, doubling as an extra storeroom for the property. A destination draw for locals, and a hit with in-house guests.

➤ **Renaissance Café/Renaissance Chicago Downtown Hotel**

A combination grab n' go, coffee shop, gift and sundries store in one outlet, catering to in-house guests and nearby office workers, who can access the store through a connected walkway.



TRENDS

11. Beyond Grab n' Go: Niche Lobby F&B

Hotel F&B Covers the Trend

(January/February 2010)



The Cupcake Cupboard, Oasis of the Seas, Royal Caribbean International:

Located near the check-in area, the Cupcake Cupboard features cupcakes baked in-house and frosted by hand. The concept has been so successful, it is being duplicated on three other Royal Caribbean's vessels.

TAKEAWAY: Hotels and cruise ships are sharpening their target demographics and becoming more niche-focused. Lobby F&B can play a major role in driving additional revenues by satisfying specific customer tastes in a convenient setting that “speaks to them.”



TRENDS

12. Smaller Kitchens, Bigger Responsibilities

➤ “The Loft” at NYLO Plano at Legacy, Plano, Texas

All of the food and beverage for this multi-use space—including banquets and room service—is being generated out of a tiny (1,000-square feet) but highly efficient kitchen. The staff handles the workload similar to a ship’s galley, with every space utilized.



➤ Cambria Suites Kitchen Template

“Our kitchens are designed to operate with one cook,” says Phil Beilke, Cambria’s senior director of brand management. The diminutive kitchen can serve more than 100 at breakfast, produce sandwiches and salads for all-day grab ‘n’ go, and prepare food for attendees who are using the hotel’s approximately 2,000 square feet of meeting and banquet space.



TRENDS

12. Smaller Kitchens, Bigger Responsibilities

Hotel F&B Covers the Trend (January/February 2010)

Kani Ka Pila Grille Kitchen at Outrigger Reef on the Beach Resort, Honolulu, Hawaii:

To overcome its small size (1,189-square feet) and large culinary demands, Kani Ka Pila Grille relies on staff cross-training and efficient cooking equipment. The Kani Ka Pila culinary team juggles daily restaurant and poolside operations along with banquets, weddings on the ocean-view deck, and parties for the University of Hawaii football team.

TAKEAWAY: Chefs and hoteliers are being asked to do more with less now, and kitchens are no exception, especially in new-build and renovated properties. Efficient footprints, proper training, and multi-purpose equipment are the keys to being successful in today's shrinking kitchen space.

