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MARKET REPORT

Breakfast is King: Elevating the Guest Experience through F&B Innovations

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In recent years, hotel food and beverage (F&B) services have evolved from being an afterthought to a cornerstone of the guest experience and a significant revenue generator. These services now captivate travelers with innovative concepts, enticing menus, and immersive dining experiences. Breakfast, in particular, has emerged as the king of F&B offerings, capturing the hearts and palates of guests worldwide and becoming a deciding factor for travelers seeking hotels that go above and beyond.

Food and beverage (F&B) services are now integral to the hotel guest experience, extending beyond mere sustenance to create memorable moments and elevate the overall stay. Gone are the days when hotel restaurants were loss leaders, primarily serving the needs of in-house guests. F&B has emerged as a profit center, with proactive and innovative approaches driving its success.

The Power of Innovative F&B

Today's hotel guests expect more than just a place to rest. They want intriguing and Instagrammable moments extending to the dining table, community spaces, and overall experience. Hotels recognize the power of F&B in establishing their brand identity, enhancing guest satisfaction, and driving profitability in this highly competitive industry.

Certain hotel groups have taken proactive measures to develop innovative F&B concepts. Sage Hospitality Group, for instance, has a dedicated restaurant division that creates culinary experiences. By focusing on breakfast, lunch, and dinner, Sage elevates F&B beyond serving hotel guests and positions it as a profitable venture. KSL Resorts, renowned for its vacation properties, showcases robust food and beverage plans that cater to guests' diverse needs. These approaches illustrate how F&B can be a driving force in enhancing the hotel experience.

Breakfast: The King of F&B Offerings

Breakfast occupies a special place in the F&B landscape, serving as guests' most important meal of the day. Traditionally, select service hotels offered continental breakfasts, but with the post-COVID recovery, buffet offerings are making a comeback. Including breakfast in the cost of a hotel stay has also become a trend, with some hotels providing extensive and high-quality morning fare. These options have a significant impact on guest preferences and serve as an influential differentiating factor when selecting a hotel for several reasons:

Enhancing the Guest Experience

Quality breakfast offerings elevate the guest experience by providing unique culinary experiences. Hotels that go beyond traditional breakfast fare and offer creative, chef-driven menus, locally sourced ingredients, and diverse cultural influences create a lasting impression on guests. Such experiences add an element of excitement and delight, making the overall stay more enjoyable and memorable.

Catering to Dietary Preferences

With an increasing number of guests following specific dietary preferences or restrictions, hotels offering breakfast have an advantage. By providing choices that include vegan, gluten-free, or allergen-friendly options, hotels cater to diverse needs. This customization and attention to dietary preferences enhances guest satisfaction.

Differentiating from Competitors

In a competitive hotel market, serving an exceptional breakfast is a powerful way to differentiate from other properties. By offering signature dishes, inspired presentations, or interactive cooking stations, hotels can create a distinct identity that resonates with guests seeking a memorable stay.

Social Media Buzz and Word-of-Mouth Promotion

A visually appealing and creative breakfast can become a social media sensation. Guests often share their hotel experiences on social platforms, showcasing extraordinary breakfast spreads, beautifully plated dishes, or exciting culinary concepts. This promotion through social media generates buzz and serves as free advertising for the hotel. It also influences potential guests seeking visually captivating experiences when selecting their accommodations.

Creating a Sense of Place

Hotels that incorporate local flavors, regional specialties, or culturally inspired breakfast menus create a sense of place and authenticity. By highlighting local ingredients and culinary traditions, hotels can connect guests to the destination's culture and heritage. This connection enhances the guest experience and provides a compelling reason for travelers to choose a hotel that offers a genuine taste of the local cuisine.

Fostering Guest Loyalty

When hotels serve breakfast options that exceed guest expectations, it fosters loyalty and encourages repeat visits. Guests who have a positive experience are more likely to develop an emotional connection with the hotel, leading to brand loyalty and advocacy. By consistently delivering unique and memorable breakfast experiences, hotels can build a loyal customer base that returns and recommends their property to others.

In-House Management vs. Leasing Out F&B Spaces

Many hotels face the decision of whether to develop their F&B offerings in-house or lease them out to external vendors. Each approach has its own set of pros and cons, and the decision must take factors such as expertise, control, and profitability into account.

In-House Management - Benefits and Disadvantages

In-house F&B management allows hotels to maintain creative control over their F&B product quality and strategy, tailoring them to the preferences of their guests and the local market. This can be key to building a coherent and differentiated hotel brand identity. F&B services can contribute significantly to a hotel's revenue, with some reports indicating that it can represent around a quarter of its total revenue. This option also provides career advancement opportunities for hotel staff, contributing to employee satisfaction and retention.

However, F&B is a specialized field, and managing it in-house can be challenging for hotels more experienced in offering accommodation than food services. Promoting a hotel restaurant venue as a destination for non-hotel guests can be difficult for in-house marketing teams, which can limit potential revenue. In-house F&B services are resource intensive, requiring a significant investment in facilities, payroll, and promotion that can potentially result in a low-profit-margin business.

Outsourcing F&B – Pros and Cons

Leasing out F&B spaces to third parties provides hotels with the valuable opportunity to concentrate on core business operations. At the same time, it enables them to leverage the expertise of specialized F&B providers who bring unique skills and knowledge to the table. Leasing also delivers a reliable revenue stream from rental payments.

A key benefit of this strategy is the potential for maintaining staffing consistency, as it eliminates the need for the hotel to adjust staffing levels based on the market demands for F&B services. Furthermore, third-party operators, particularly

those with outlets that have their own street presence, can attract additional traffic from outside the hotel, potentially increasing overall patronage and revenue.

However, leasing out F&B can also present particular challenges for hotels. Potential loss of control over the service can significantly impact guest perception of the hotel. This is particularly problematic if guests do not realize that the restaurant is a separate entity from the hotel, as any negative experiences they have at the restaurant could tarnish their overall impression.

Additionally, leasing out F&B spaces necessitates a long-term relationship with the restaurant operator. If the operator is not a good fit the relationship can become challenging, and a poorly performing operator can negatively impact the hotel's reputation. Furthermore, there can be potential misalignment between the goals of the hotel and the third-party operator, which can create conflicts and hinder the success of the F&B operation.

Enhancing Customer Experience through F&B

Customer experience is paramount in the hotel industry, and F&B plays a significant role in shaping it. Even in select service hotels, attentive staff members ensure a welcoming breakfast experience for guests. Exceptional customer service can leave a lasting impression even with minimal breakfast offerings. Hotels that prioritize customer service and hospitality across their F&B operations gain a competitive edge and generate positive word-of-mouth.

Expanding Hotel Facilities to Non-Hotel Guests

A growing trend in building the industry's customer experience is expanding hotel facilities, including F&B spaces, to cater not only to hotel guests but also to the broader local community. Lifestyle hotels, such as the Hoxton and Ace Hotels, have successfully transformed public areas into community spaces. By creating vibrant coffee bars, communal workspaces, and appealing patios and rooftop bars, these establishments attract both hotel guests and locals, fostering a sense of community and enhancing the hotel's brand reputation.

Building Communities in the Hotel Industry

Building these communities within hotels has become a strategic endeavor to foster customer loyalty and brand advocacy. Hotels like Hoxton actively design spaces that encourage interaction and provide opportunities for guests and locals to connect. These communal areas serve as gathering spots where like-minded individuals can collaborate, work, or simply socialize. By nurturing a community, hotels create a sense of belonging and establish themselves as more than just accommodation providers.

Staffing Considerations in the F&B Sector

The demand for talent in the F&B sector continues to grow, but attracting skilled professionals remains a challenge. Regardless of whether F&B is managed in-house or outsourced, the National Restaurant Association predicts 2023 industry growth will result in half a million new jobs[1] Filling them could be difficult for reasons ranging from the grueling nature of F&B work to changing career aspirations and competition from other industries. With a shortage of great talent,

hotels must focus on recruiting and retaining passionate individuals who can deliver exceptional F&B experiences. Bridging the gap between supply and demand is crucial to ensuring the continued success of F&B operations.

Building Up the Brand Experience with F&B

Looking ahead, I expect breakfast offerings and novel F&B concepts in hotels to evolve further. Lifestyle hotels will continue to pioneer innovative F&B experiences, catering to the preferences of younger generations and creating social hubs within their establishments. Select service hotels may see increased emphasis on high-quality complimentary breakfasts as a competitive advantage. As hotel brands expand and new concepts emerge, breakfast will remain a vital aspect of the guest experience and a key factor in choosing where to stay.

Breakfast has truly become the king of food and beverage offerings in hotels, influencing guest satisfaction, brand perception, and overall profitability. Through proactive and innovative approaches, hotels are transforming F&B into a significant revenue generator and a means to connect with the local community. By understanding the importance of breakfast and its impact on the hotel experience, industry professionals can strategically optimize their F&B offerings and elevate their brands in an ever-evolving hospitality landscape.

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[1] National Restaurant Association, Get the facts with the latest National Statistics, Retrieved June 7, 2023