

HVS Monday Musings: Food for Thought - Reimagining F&B at Hotels in India

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Food & Beverage (F&B) has always been a significant component of hotel operations and revenue. Several hotel chains have created their own iconic in-house restaurant brands over the last few decades. Dining at these hotel restaurants, known for their high-quality cuisine and celebrated chefs, had a novelty factor that was missing from the options available outside of hotels.

However, over the last decade as the retail boom started gaining momentum, hotel restaurants soon began losing guests to the slew of high-end, new-age, standalone restaurant brands that were promising unique dining experiences to guests. Changing demographics, evolving preferences of diners, and the fact that these younger, more trendy and less formal places provided a great variety of quality food and ambience at more 'affordable' prices helped increase their popularity. The growth of shopping malls and mixed-use restaurant districts facilitated these chains to expand their presence across the country, resulting in lower footfalls at hotel restaurants. As a result, most hotels started reducing the number of F&B options at their premises to counter the loss in demand.

Is Covid-19 the inflection point of this trend?

There is no denying that the Hotels and Restaurants sectors have been two of the worst hit by the ongoing COVID-19 pandemic. Though hotels have started witnessing a gradual increase in occupancy, recovery for restaurants, especially for dine-in, has been relatively slow as most people are still worried about dining out.



Given the perceived higher levels of sanitization & security in branded hotels, we expect hotel restaurants to become an increasingly preferred choice in the post-COVID era as people rediscover the dining-out experience but safety & hygiene continue to be their top priorities, providing an excellent opportunity to hotels to recover some of the lost ground to standalone restaurants. Hotels must consider leasing out spaces to the beleaguered restaurant industry, on revenue-sharing model, to standalone marquee restaurants that had made their mark in the pre-COVID era but are now facing an existential crisis.

This model can create a win-win situation for both hotels and restaurants in the current scenario. Hotels not only get an opportunity to win-back the customer share they had lost out to standalone restaurants over the last few

Summary

Hotels must consider outsourcing hotel outlets to standalone marquee restaurants that had made their mark in the pre-COVID era but are now facing an existential crisis. Read on to know more.

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years, but can also draw in footfalls and revenues during periods of low occupancy by marketing the restaurant as a destination in itself. Meanwhile, the restaurants get an opportunity to renew operations at much affordable costs with the added benefit of a captive clientele.

About Mandeep S Lamba



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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About Dipti Mohan



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