

# How Hotel F&B Pivoted in Response to COVID-19, and What the Future Holds

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Global tourism has been expanding rapidly over the past few decades, and this was a primary factor driving the hospitality industry before the coronavirus outbreak. Growth projected by the World Tourism Organization (UNWTO), set the expected number of tourist arrivals across the globe at more than 1.5 billion by 2020.

Covid-19 had other ideas, however, and 2020 has turned out to be the year everything changed. Hotel food and beverage (F&B) operations are among some of the most-affected industries.

## Key Hotel F&B Trends Before Covid-19

Change is inevitable, and the whirlwind arrival of Covid-19 proved once again that humanity can't count on a status quo remaining in place indefinitely. Prior to the coronavirus, some of the key factors that were driving the hotel F&B industry included higher disposable income, **the shift to the experience economy** among Millennials and Gen Z, and the increased use of technology in all areas of hospitality.

Online travel agencies (OTAs), increased digital penetration and a focus on the use of mobile devices have made finding tech-savvy staff a priority, which many hotels struggled with. The industry was under pressure nevertheless to expand online ordering and food delivery services, to satisfy the growing demand for greater convenience in the face of increased urban living and changing social behaviors.

## Switching to Innovative Hotel F&B Offerings

The situation has changed. As a result of the coronavirus, hotels all over the world have changed their catering options to allow for drive-through, curbside pick-up, take-out and delivery. Occupancy rates have fallen drastically because of the high risk of travel and the need for social distancing. Most people now choose to connect virtually rather than travel, and many countries still have their borders closed to residents from elsewhere.

People are also doing more of their own cooking. According to a survey report from Hunter, a food and beverage marketing agency, **54% of Americans now do more cooking** than they did previously, while 35% say they enjoy it more. If this upward trend continues, it could have major repercussions for the dining-out industry.

Since nothing inspires innovation as well as necessity, hotels globally have pivoted to embrace new ways of providing service for guests. These include contactless methods of booking and payment, ordering meals ahead of arrival, outdoor dining spaces and others.

Here's what some of the leaders in the industry are doing.

### 1. Contactless Food Delivery Options

Since most governments are prohibiting food and beverage outlets from opening fully for dine-in guests, contactless food delivery options have gained momentum. Not only does this enable customers to avoid in-

## Summary

COVID-19 has affected the hospitality and tourism industries in a number of ways, and hotel food and beverage operations is one of the most affected areas. A decline in travel, low occupancy rates, and guests shifting to either cooking at home or preferring drive-thru, curbside, and delivery over eating out has led to hotel F&B rapidly evolving and adjusting their models. Hotels are marketing their eateries to locals, offering contactless food delivery, and enhancing gift card sales.

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person contact, it offers greater convenience, less travel time to get to a venue, and the ability to support the local economy. This is effectively resulting in a transition from "*dining in*" to "*dining out*," and causing hotel F&B outlets to rethink their approach.

## 2. Sale of Gift Cards and Certificates

Hotel F&B divisions globally have had a tough few months during the pandemic, with forced closures eating away at their reserves and no end to the lockdown in sight. To bridge the gap, many have begun offering gift cards and certificates for purchase, which customers can buy in advance of their next visit. Many of these options are accompanied by a special promotional offer or an attractive discount. This approach helped venues generate revenue during the lockdown, and enabled customers to plan (and spend) ahead of time for when the measures are lifted.

## 3. Repurposing Premises and Operations

Instead of allowing well-appointed kitchens and dining areas to operate at a loss, some venues have repurposed their premises to offer innovative new products. Where chef-driven, fine-dining restaurants were previously focused on giving their guests a remarkable dine-in experience while take-out was an afterthought, they are now aiming to deliver the same type of pleasurable experience in customers' homes with critical attention paid to hygiene and safety, packaging and customer-centric online ordering.

## 4. Promoting "At Home" Dining Experiences

Since many restaurants won't be allowed to operate at full capacity even after the pandemic is over, more and more hotel F&B brands are likely to offer "At Home" experiences. In Australia, for example, Theodore's family-run snack bar in Melbourne has restyled itself as **Ted's Grocer and Bottle-Shop**, selling deli and baked goods along with take-home meals. Licensing regulations have been relaxed to allow bars to deliver alcohol to customers' homes, including hand-made cocktails and platters and access to the bar's playlists.

## 5. Alternative Cuisine Options

Plant-based meats, vegan cuisine and the use of local produce are also seeing a rise in popularity, and there's no shortage of funding options for food tech and alternative protein start-ups. The reported origins of coronavirus at a wet market in Wuhan, China, are making people rethink their reliance on animal-based protein.

## 6. Environmental Factors

The pandemic has also increased awareness of environmental effects, such as pollution relief resulting from reduced transportation of food and other products. The difficulty the agricultural industry has had to get supplies to end-users has highlighted both the enormity of our consumption and the consequences of a **glitch in the supply line**.

## 7. Socially-Distanced Service

Restaurants that have reopened with social distancing measures in place and those that are operating outdoor patio venues only have all adopted different levels of "safe" service for customers. Servers typically wear masks and/or face shields. Many use paddle-type objects to place the food on the table from a greater distance.

## 8. Digital Menus and Self-Service

Some chains have introduced digital ordering from web-based menus or iPads, to reduce the contact between servers and diners. Payments are contactless and restaurant cashiers are protected from customer contact by Plexiglass shields. Some venues are maximizing their use of self-service through technology and robotics, with inventions like **Sally the Salad Maker** coming into their own.

So, what lies in the future for hotel F&B, as hotel operations evolve into the new normal? What will guests and locals want from restaurants, bars and events?

## The Post-Covid Future for the Hotel Industry

As hotels struggle to predict future occupancy levels, staffing requirements, and the cost of newly-minted sanitization protocols, they are also preoccupied with ensuring the safety of both staff and guests. Retraining of staff will include how to avoid physical contact, maintaining the required levels of cleaning supplies and how to respond to a positive Covid-19 result on the premises.

While housekeeping will have the lion's share of the new rules to comply with, hotel management will be required to set up ways to implement Covid screening at check-in, limit elevator use, provide PPE for all staff, and check employee temperatures regularly.

## The Impact on Hotel F&B Environments

In the F&B environment, we expect many hotels to replace restaurants with pre-packaged, grab-and-go meals and deliveries from third-party restaurants as their main forms of foodservice. Restaurants, bars and lounges are likely to reopen with limited capacity to ensure social distancing, but will have to be certain of getting enough diners to make it worth their while to do so. Once that happens, they'll have to redraw their floor plans to ensure a minimum of 6 feet between tables.

Buffet operations are especially problematic, so we expect the reopening of these venues to take longer and require more strategy. Most hotels have discontinued their room service operations for the present, and this might well become a permanent situation. Hotels will have to reconfigure their kitchen layouts to create more space between workstations. Menu offerings should be revised to help limit the number of cooks needed in the kitchen at a time, and food costs will likely increase as a result of buying smaller volumes.

In terms of banqueting and events, the business world's shift to virtual meetings and conferences is likely to have a lasting impact on hotel F&B. This, combined with the ongoing restrictions around travel and large gatherings makes it challenging to set a date for the reopening of these facilities at this point. I suspect it will take at least until mid-2021 before we know the answers to all the questions about event management.

## The Staffing Conundrum

Before Covid-19 hit, the hospitality industry was in the throes of a major shortage of skilled labor. Where hotel F&B operators were focused on finding the top talent for each position, the pandemic has highlighted the importance of employee support and safety. Apart from the various programs to help laid-off and furloughed workers in the short-term, we've also seen foodservice operations increase the wages of those working to compensate for their risks.

Changes in HR policies that I expect to see cemented in the post-Covid hotel F&B world include an entrepreneurial approach to engaging employees. The short-term labor surplus will make it even more important to find and keep the best staff, and to that end hotels will be looking to invest in improved benefits and perks. Better health care, childcare, free or discounted meals, paid sick leave, and staff discounts will help create a culture in which employees feel valued.

At the same time, hotel F&B departments can expect to be scored more harshly by current and potential employees. Workers will base their evaluation on staff safety and sanitization practices as much as compensation and benefits, and a safe working environment will be crucial for attracting and keeping top employees.

## Rethinking Every Aspect

There's no question that Covid-19 has changed our world forever. The only question is how do we make sure we function successfully in the new world? The hospitality industry will have to rethink every aspect of hotel F&B operations, from floor layouts to menu offerings, while also taking environmental impact and corporate culture into account. One thing's for certain—we're in for a challenging ride.

## About **Court Williams**



**Court Williams** is Chief Executive Officer of HVS Executive Search based in New York and has over 33 years of retained Hospitality Executive Search experience within the Hotel, Restaurant, and Travel/Leisure industries. He also leads the global growth strategy for HVS Executive Search. Court directs his team in senior hospitality executive searches across all functional areas including Operations, Human Resources, Sales/Marketing, Finance, Real Estate, Franchise Development, Technology, and Supply Chain/Logistics, working with clients in the private equity, hotel management, restaurant, hotel investment/REITS, and leisure venue industries. Court is on the Advisory Board of Shift One and remains an active Cornell alumnus through student coaching with Cornell University's Hospitality Leadership Development Institute. Court began his career in the restaurant industry after graduating from Cornell's Hotel School gaining multi-unit operational experience prior to launching a career in Human Resources/Recruiting. Having gained experience in executive recruitment from the brand side, the desire to work with a broader range of hospitality clients led Court to a career in retained executive search beginning in 1990. Court and his wife reside in both Connecticut and Vermont and have two young adult children. He enjoys boating, skiing, and fly-fishing in Vermont, travelling, and food/wine.