

# Hoteliers chase profits by dropping roomservice

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The hotel industry is moving away from roomservice and toward F&B trends like grab-and-go, and based on early results, it's a highly profitable change.



The New York Hilton Midtown's Herb N' Kitchen grab-and-go pantry made waves by replacing the hotel's roomservice. (Photo: Hilton)

By [Brendan Manley](#)

REPORT FROM THE U.S.—Hoteliers who've recently downsized or altogether eliminated roomservice at their properties are seeing considerable labor cost savings from the shift, as well as robust profits when implementing grab-and-go dining options. Experts said all but the most luxurious hotels will likely make the move in the near future.

Roomservice revenue is on the decline—down 3.6% over a trailing 12 month period, according to June 2017 data from Hotel News Now's parent company [STR](#)—while other segments of hotel F&B operations are experiencing modest growth—up 1.5% overall for the same period. Sources explained that in addition to less roomservice being offered, the decline reflects a broader trend of guests simply looking elsewhere, often for quicker, cheaper and more

unique options.

“People are looking for something a little faster,” said Joseph Rael, director of financial performance, consulting & analytics at STR. “If you order roomservice, you’re waiting 30 to 40 minutes for your meal, whereas with grab-and-go, you can pick up on your way out and you’re good to go.”

Sensing the writing on the wall, a number of full-service hotels in recent years have cut back or eliminated roomservice completely. This includes the 2,000-room New York Hilton Midtown, which switched from roomservice to grab-and-go in 2013. Others seeking to still cover all the bases have modified and/or streamlined roomservice, offering alternatives like pared-down menus and takeout-style delivery in paper bags, rather than serving in-room meals with fine china and cloth napkins. Even in its infancy, the grab-and-go trend is proving especially profitable, both in cost savings and increased revenues.

“We really started three or four years ago putting a lot of effort into our grab-and-go spaces. If we have a coffee offering nearby, we combine those to make sure the spaces flow together, and we’ve seen huge returns,” said Chris Green, principal and COO of Chesapeake Hospitality. “I’ve got a full-service, 275-room hotel where over the past four years revenues have gone from 50/50 (between roomservice and grab-and-go sales), to now, where roomservice is about 10% of our grab-and-go sales. Our grab-and-go sales have quadrupled over the past four years.”



Bagged and delivered grab-and-go offerings such as Hampton's On The Run Breakfast Bags are another growing F&B option. (Photo: Hilton)

It's not just the added sales from grab-and-go that are boosting F&B profits; the reduction in labor resulting from a partial or complete roomservice reduction can have a huge impact as well. That's particularly welcome among

hoteliers, since limiting F&B labor costs is becoming increasingly difficult as minimum wages rise, especially in union hotels, where job-sharing is often banned. Non-union hotels might have some success cutting costs by doing things like having their call center take roomservice calls and utilizing restaurant staff for deliveries, but in the end, it may still be better to just let go.

“The best thing to do is eliminate roomservice altogether,” said Gary Isenberg, president of LWHA Asset & Property Management Services. “We’ll see that more and more with the full-service brands, especially in upscale and upper upscale. I think luxury will continue to have roomservice, and that’s where it belongs. Grab-and-go is much more profitable than roomservice, depending on how you structure your grab-and-go.”

Understandably, some operators are hesitant to completely cut the roomservice cord and are hedging their bets with both in-room and grab-and-go choices. But even in hotels that are still offering some level of roomservice, putting greater emphasis on alternatives like grab-and-go is having a positive effect on staffing, provided F&B operations are tailored for maximum effectiveness.

Grab-and-go “made us much more efficient on the labor side,” Green said. “We haven’t eliminated roomservice, because we still believe it’s an important touchpoint. What we’ve done, though, is kind of combine the menus across the grab-and-go and roomservice offerings, so there’s not duplication of efforts. If we’re producing items that go in the grab-and-go, those are the items you can generally get in the roomservice offering. You eliminate the need for extra prep, extra product and extra storage.”

Sources said there still is a time and place for roomservice, particularly during breakfast hours, when many guests continue to find convenience through in-room dining, as well as among guests on their first night at the property, especially after just flying into town. So for upper-upscale and luxury hotels that still want cater to this demand, smart menu engineering and labor streamlining could provide the answer rather than cutting roomservice completely.

“Menu engineering’s important. You can have 10 items on your menu, but only use three products,” Isenberg said. “Look at Chipotle: They have three items, but because of the different ingredients, it makes thousands of different choices. In your hotel, you can offer a fresh-carved turkey sandwich. You can also do a Cobb salad with turkey, and you can also do an open-faced sandwich. You can take one product and cover many different items. You only need to have two or three of those products, and it still looks like a robust menu.”

Both Green and Isenberg said that it’s likely the grab-and-go/minimized roomservice trend will morph into a hybrid concept, where fresh menu options sold in the hotel market pantry will be available for delivery to guestrooms. Mobile and online ordering can be integrated for even greater ease and marketing potential, such as on splash pages shown when guests sign in to the hotel’s Wi-Fi. It’s the kind of easy-order/rapid-delivery offering that’s made delivery services like GrubHub and UberEats rising staples for travelers, and hotels are now working to keep that revenue from being spent on those types of outside vendors.

“As an operator, (third-party delivery services) make me think, ‘Why aren’t we capturing a portion of this revenue? What do we need to do?’ That’s why we’ve started experimenting with some of that to-go-type service at our properties,” Green said. “I can see pantry delivery being the thing of the future, where people can pop up the menu and say, ‘Hey give me one of those Asian salads, a wrap and two bottles of water,’ and you bring it to them in a bag. It’s very easy, and similar to the experience they have if they order delivery. It has to be an alternative that makes sense, or you’re going to have a constant stream of delivery drivers in the lobby.”