

How "Grab & Go" Became the Latest Evolution in Hotel F&B

hotelsexecutive.com/business_review/5440/how-grab-go-became-the-latest-evolution-in-hotel-fb

Food & Beverage

By **Gary Isenberg**, President, LWHA Asset & Property Management Services



If hoteliers want a lesson regarding how drastically dining trends have evolved over the past 40 years, they need to look no further than the history of Howard Johnson's. A welcome respite for vacationing families and interstate road warriors in the mid-20th century, those orange-domed waystations dotted nearly every highway across the country. At HoJo's zenith, the chain numbered than 1,000 restaurants and 500 motor lodges.

Though people packed its tables and booths, no one mistook a HoJo for a fine dining establishment. Instead, Howard Johnson's offered weary travelers a familiar and comfortable place to dine. Essentially, HoJo's were diners, serving three meals a day from an expansive, but uniform, menu at affordable prices. There wasn't any deviation into exotic culinary choices. But from the 1930s to the 1970s, that was okay with consumers who, for the most part, had less adventurous eating habits. Given that successful model, it's easy to understand why full-service hotels built during that era mirrored that trend by featuring a breakfast-to-dinner restaurant.

Yet today, only one HoJo restaurant remains. So what happened to make HoJo's a relic of this country's collective dining past? Why have morning-to-evening, waitstaff hotel restaurants become a rarity? It all has to do with shifting consumer culinary preferences that are reflected within the walls of modern lodging properties.

The Place to be...Then Not no Much

During the 1970s and 1980s, when full-service Hiltons, Marriotts and Sheratons expanded into the suburbs ringing primary markets, those hotels' three-meal-a-day restaurants, sports bars, and nightclubs thrived. In those secondary and tertiary markets, hotel eateries had few, if any competitors. So for consumers, the hotel restaurant was the place to eat and socialize.

Chain restaurants, however, soon seized on an opportunity to knock hotel restaurants off their perch by muscling into suburban, and even primary urban, locations. The chains provided another dining option to people in those towns; they needn't go to the hotel restaurant anymore. Unfortunately, this reversal in consumer tastes left hotel owners with darkened dining rooms and decelerating food and beverage revenues. Hotels lost their supremacy as the "Best Place in Town to Eat and Drink." People viewed hotel restaurants as stodgy and over-priced.

Hotel Industry Adapts

Fortunately, the hotel industry historically bends to shifting consumer preferences. First to adapt were the select-service hotels of the 1980s and 2000s that eliminated all-day restaurants altogether and instead offered guests breakfast-only service of coffee with a limited menu of cereal, muffins, or waffles. All were following the lead of Hampton inn, which, in 1984, was the first mid-priced lodging chain to offer a free continental breakfast.

Alternately, in lieu of a breakfast bar, hotels increasingly installed a (what else?) Starbucks. If guests shunned traditional three-meal hotel restaurants and ate elsewhere, hotel owners wisely opted to repurpose that space for better and more revenue-generating use, such as guestrooms or meeting space. Shrinking the hotel's F&B outlets

made solid financial sense, especially in the mid-market tier.

The evolution of hotel F&B didn't end there, of course. Hotel brands continued to reconfigure F&B offerings to match guest preferences, which has led to hotels presenting guests with richer and more varied culinary experiences - ones that give guests more freedom to choose their dining experience. Simultaneously, hoteliers have pared down food selections to what the guest actually wants (thus saving hotel owners the expense of staffing a F&B outlet and purchasing products that ultimately go to waste). At the forefront of this trend is the "Grab & Go" phenomenon that allows guests to grab a small, pre-packaged or quickly prepared meal and, well, go.

How People Dine Today

This change in hotel F&B mirrors how people dine today. People lead busy lives, especially families. Both spouses work and marshal kids to school and after-school activities, leaving little time to prepare an evening meal during the week.

Rather than squandering precious family time to cook time-consuming, elaborate meals, they stop at the grocery store after work and shop the prepared food aisle overflowing with pre-cooked and blended hot and cold dishes. Enter any Wegman's or Whole Foods and there's an abundance of ready-made food choices one can easily bring home for the family meal.

It's not that people don't like to cook - it's that most days they're crunched for time and have other priorities. When they do have an occasion to cook - which isn't often and the time to do so is likely short - they can order from an on-demand food service like Plated, which brings the fresh ingredients and the recipe to the door. The food is already prepped and all they have to do is follow the directions.

Yet while people insist on convenience and quickness in food service, they also demand the food be freshly prepared and healthy. They don't want overly-processed food, which has been proven to be unhealthy. Today's consumer seeks organic, fresh ingredients whenever possible.

People nowadays also desire more choice in the manner in which they consume food. Somedays, they may only have time for a quick meal as they dash through household chores or run errands. Other days, they fancy an upscale dining experience at a white-cloth restaurant. Or they might prefer to prepare an elaborate meal at home at a leisurely pace. They want that option, or options, and today they can have it.

These current consumer trends have elevated Grab & Go into a staple of lodging F&B operations. Its rising popularity isn't coincidental, but one rooted in modern guest preferences.

Let's Snack

Dining trends tracker the Hartman Group terms the current wave of how people chow down as the "snackification" of food culture. Consumers now favor snacks (90% admit to noshing multiple times a day) or smaller meals over three-course dining feasts (like the kind once served in traditional hotel restaurants). Mealtimes, meanwhile, have become more fluid to fit into busy schedules.

"Today's consumers," The Hartman Group writes in a recent white paper, "eat around their schedules rather than scheduling around mealtimes. Dinner becomes a mere pause between other activities. Lunch is often scheduled out to accommodate an overflow of meetings and must-do's. And breakfast can be multitasked between commuting and working."

Yet consumers also demand those snacks or small plates be healthy. They want nutritious, less-processed food products, the Hartman Group found.

Dining Freedom

Hotel guests still need to eat, that hasn't changed. What has changed is how guests want to experience the food service. Sometimes, they hanker for a posh restaurant where they can order a sumptuous meal prepared by a well-known chef and served by an efficient wait staff. Other times, a sandwich eaten in their room by the television, computer or at the desk satisfies their hunger.

Or, people want to munch on that same sandwich in a social setting but not a formal restaurant. So, they'll carry their Grab & Go meal into the hotel lobby, the bar, or an outside eating area, where they enjoy their food surrounded by other guests. They covet the freedom to decide how and where they'll eat their food - just as they do at home.

Fewer, Fresher Choices

The hotel industry has learned more doesn't always mean better when it comes to F&B. Like outdated Howard Johnson's, hoteliers once packed their restaurant menus with a profusion of choices aiming to please each and every guest. But in trying to be a little bit of everything hoping to please everyone, hotels ended up with a whole lot of nothing - empty F&B outlets and shelves stocked with food no guest ordered. F&B turned into wasted dollars.

So rather than bulking up on gastronomic options, hotels build their Grab & Go and other F&B outlets on the premise of fewer, but fresher food choices. Think of Chipotle. It offers a limited menu, but uses fresh, not processed, ingredients. Servers quickly prepare dishes in front of the customer- and the lines are out the door.

Again, it's not accidental hotel grab & go offerings reflect quick-service restaurants like Chipotle. Nearly 70% of North American consumers told Nielsen researchers in 2016 they munched on a meal in a fast-serve outlet. This led the consumer marketing firm to declare "quick-service and casual-dining restaurants are the most popular types of out-of-home dining establishments ... particularly in North America."

The New Grab & Go Concept

Quality over quantity in hotel F&B leads to success. Guests would rather choose from three to five food choices made with wholesome, locally sourced ingredients than be bombarded with an endless menu. Hilton Garden Inn's recent redo of its food service reflects this.

All Hilton Garden Inn's upper midscale franchises will soon install a 24/7 Grab & Go-style counter where guests can buy healthy snacks and plates made with fresh items procured from growers in the area, as well craft beers. In fact, a picture of the prototype resembles a convenience store counter that sits near the front desk. Three benefits ensue from this arrangement: It provides guests with their preferred food choices; it occupies fewer square feet than a traditional restaurant, leaving more room for revenue-producing spaces; and operators don't need to hire extra staff to man the counter. Guests check out their purchases at the front desk.

Fortunately for hotel owners and operators, Grab & Go not only meets current consumer inclinations but it also feeds into the bottom line. The Grab & Go concept runs on less labor than a traditional hotel restaurant. Plus, it requires less capital investment for inventories, FF&E, and operating supplies. Compared to the stodgy hotel restaurant of yesteryear, Grab & Go is a boon to owners' profit margins.

As recently shared in Hotel News Now, a report from Smith Travel Research illustrates this shift in guest dining preferences. Year-over-year results in June showed room service revenue dropped 3.6%. That decline was somewhat offset when other F&B operations (presumably Grab & Go) rose 1.5%. Hoteliers are definitely catering to guests' changing dining habits - and are reaping profits from new F&B options.

Make it Local and Interesting

Hilton Garden Inn's new concept hits on perhaps the most important feature unifying current hotel F&B: Culinary offerings based on local cuisine. Guests want local flavor, not cookie-cutter sameness. In the past, brands mandated uniform standards for all franchised hotel properties, which sometimes led to ridiculous menu items with no relation

to the locale. A hotel in Maine, for example, would serve biscuits and gravy, a Southern staple, instead of a local delicacy such as seafood. That shouldn't happen anymore.

Likewise, today's hotel owners and operators demand more freedom in how they design their hotels, and that includes F&B. Hotel brands have responded with the "soft" concept that gives owners and operators the autonomy to create properties seeped in local culture and cuisine. The standardized, homogenous hotels of the past no longer attract guests. Travelers pine for hotels where they can immerse themselves in the surrounding neighborhood, whether it be beachy, urban, or bohemian. They crave a distinctive, interesting hotel experience reflective of the city where they are staying.

Ace Hotel in Midtown Manhattan, for example, does a great job in infusing its F&B outlets with an urban vibe. It's John Dory Oyster Bar draws in locals, not just hotel guests, with what it calls a turn-of-the-century ambiance. It's place where people want to socialize, whether they stay in the hotel or not.

Freedom of choice in hotel design also means giving owners the option of not having F&B. Recently, we worked with a hotel owner in New York City who tried repeatedly to succeed with food service yet failed. Therefore, we recommended the property eliminate F&B altogether. With so many dining options in New York City, guests inevitably shunned the hotel restaurant. The hotel was ultimately better served by repurposing that space for higher revenue generation. Hotel owners must look at F&B from a money-making perspective: Can they make money at it? If they can't, then why do it?

Hotel owners also must avoid being seduced into thinking a basic Grab & Go food service befits every hotel. While such concepts work in any hotel, upscale and upper upscale properties should pair grab & go offerings with sophisticated dining options, preferably with dishes blended farm-to-table ingredients - the current hot trend in culinary circles. At higher price points guests expect a more varied and upmarket culinary experience.

Further, hotel owners and operators should view Grab & Go as an opportunity to experiment and create cutting-edge food options. Marriott's Aloft introduced its customized "pots" F&B concept at the ALIS conference in January. Guests can tote away a made-to-order meal crafted from regional specialties in, as the name implies, a round container.

While food concepts have evolved over the years, guests still want a good meal when they stay at the hotel. Grab & Go may be the latest, but probably not the last, version of hotel F&B. Hotel owners and operators now possess the freedom to offer guests a unique, locally driven, and fresh dining experience. What will tomorrow's hotel F&B look like?

Gary Isenberg is President of LWHA® Asset & Property Management Services. Mr. Isenberg's expertise includes third party asset management, serving as an owner's rep, due diligence for real estate investors, and development services to negotiate management or franchise agreements. His asset management specialties include capital budgeting, PIP costing, and internal control and accounting. A graduate of Fairleigh Dickinson University with a Bachelor of Science in Business Management and minors in Corporate Finance and Information Systems, Mr. Isenberg started his career with ITT Sheraton as a Corporate Trainee. He was rapidly promoted over a series of increasingly responsible positions, mergers and acquisitions, at both the corporate and property level. Mr. Isenberg can be contacted at 212-300-6684 x108 or gary.isenberg@lwhadvisors.com Please visit <http://www.lwhadvisors.com> for more information. [Extended Bio...](#)

HotelExecutive.com retains the copyright to the articles published in the Hotel Business Review. Articles cannot be republished without prior written consent by HotelExecutive.com.