

Hotel Catering - UK - October 2009

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What is this report about?

The hotel market generally has been one of the worst affected by the recession in the field of hospitality, with high levels of insolvencies and redundancies rife as a way of controlling costs. Whilst the budget sector has benefitted from the current economic climate, high-end hotels have been hit hard, in a similar fashion to high-end restaurants, which have been suffering significantly from cuts in corporate expense accounts, business entertainment and ostentatious spending. With trading conditions expected to continue to be negative in 2010, the industry is no doubt looking forward to the longer term, when sporting events such as the 2012 Olympics and 2015 Rugby World Cup should significantly help the industry.

What have we found out?

- Despite the increasing popularity of no-frills/budget hotels during the recession, catering continues to be an important element of the stay for many consumers. Just over 27m people stating that they've eaten breakfast in a hotel in the last three years.
- Almost 13m people like the convenience of eating where they're staying: these consumers tend to be third agers, who are generally attracted to menus with simple, traditional dishes.
- Hotel restaurants are seen as overpriced. Mintel found that 16m people think this. Venues need to focus on promoting points of difference and justifying any price premiums. The recession has provided a prime opportunity for hotel restaurants to adjust menu pricing structures both as part of a long-term brand strategy as well as through short-term price promotions.
- The proportion of revenue per room in the UK derived from Food & Beverage (F&B) has declined by 2% between 2006 and 2008: the average F&B revenue received per room for the UK in 2008 was £9,522, continuing recent declines.
- Hotel restaurants are missing out on potential revenue from 11m consumers who don't really think about eating in a hotel restaurant unless they are staying in one. As these consumers tend to be in the pre-/no family lifestage menu structures such as customisable dishes (eg adding meat/fish to salads) should help appeal to these 'lost' diners, whilst 'experience' factors such as food preparation displays (eg open kitchens), live music, cocktail bars and electronic menus on tables should also attract pre-/no family consumers.
- Hotels are also losing F&B revenue in other ways: 7m consumers have admitted to bringing their own food/drink into their hotel room.

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