Turning the tables

How to compete for hotel restaurant success in the age of the empowered customer.

BookingTek

Introduction

The hospitality industry is currently at the centre of a perfect storm of change. Firstly, global and local economies play a contributing role determining levels for both personal and business spending which includes hotel bookings and restaurant purchases.[1] We are also seeing a shift in the demographics of the traveller, with millennials and generation Z now the majority. With it comes new trends, requirements and expectations. Finally, and probably unsurprisingly, technology is disrupting multiple industries and Food & Beverage (F&B) is no different[2]. Combined, the tough financial backdrop and an audience of digital natives changes the balance of power - with choice and control now sitting firmly with the customer.

In this business briefing we explore the challenges hotel F&B providers face to stay competitive and how innovative digital technologies delivered through cloud services can enable new revenue opportunities and avoid unwanted complexity, cost and compromise.

The age of the empowered customer

Trends and tastes always have (and always will) continue to change. New incarnations bring new waves of customer after the next big thing in gastronomy.[3] Traditionally, hotel restaurants have struggled to accommodate 'foodies' seeking out their next unique experience. The rigid structure of opening times and set menus could be a deterrent to potential new customers, who (armed with the latest technology) are willing to hunt out an experience that matches their requirements.

Independent reviews and recommendations play an important role in influencing consumers to choose one restaurant over another. A survey by Anderson and Magruder reports that a higher Yelp scores cause restaurants to sell tables during prime-time 19% more frequently[4], and the addition of one extra star can yield sales growth of 5-9%.
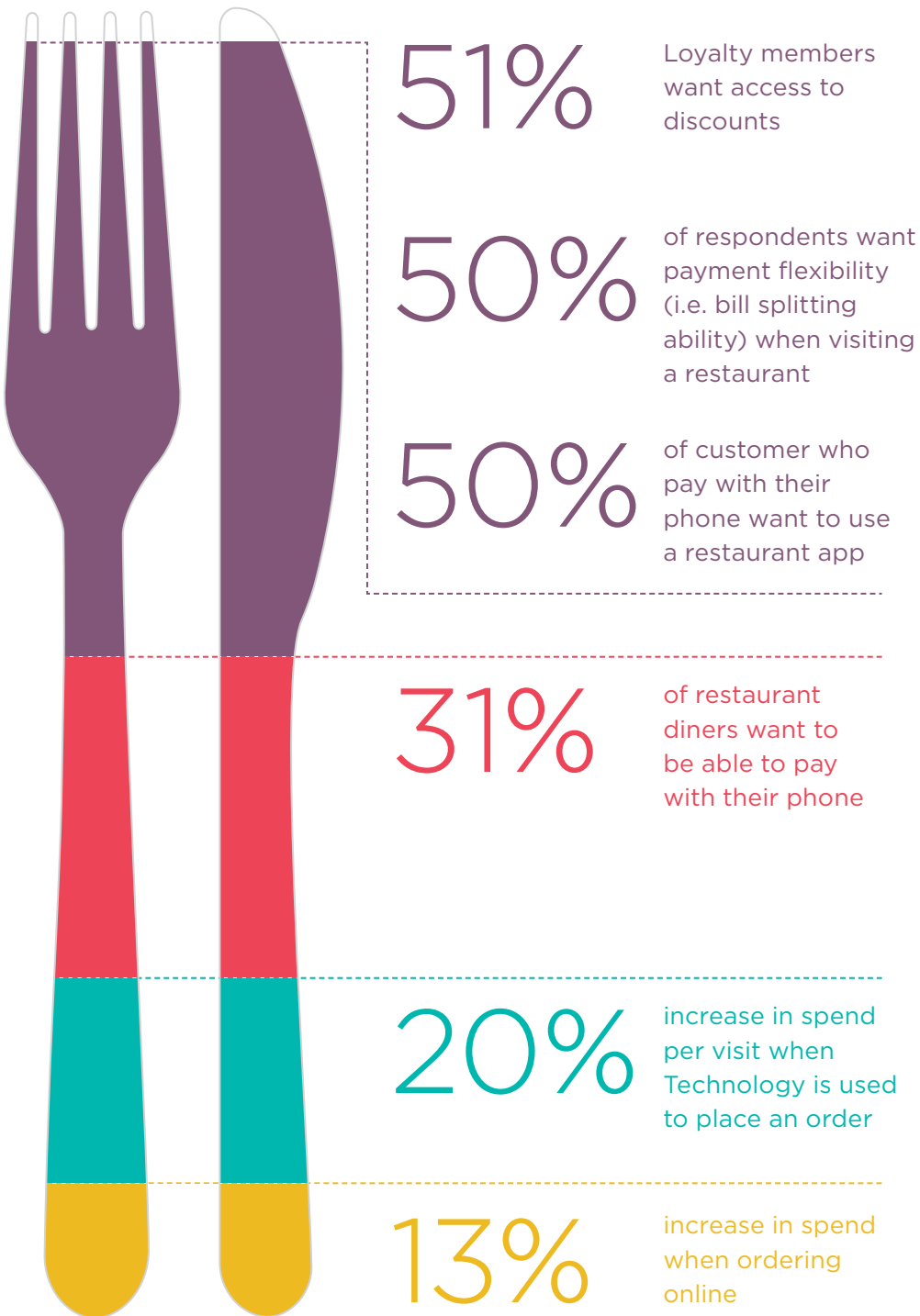
It's not just review sites that impact consumer choice. The proliferation of technology within the whole dining experience is fast becoming a major influencer, starting with the reservation process.
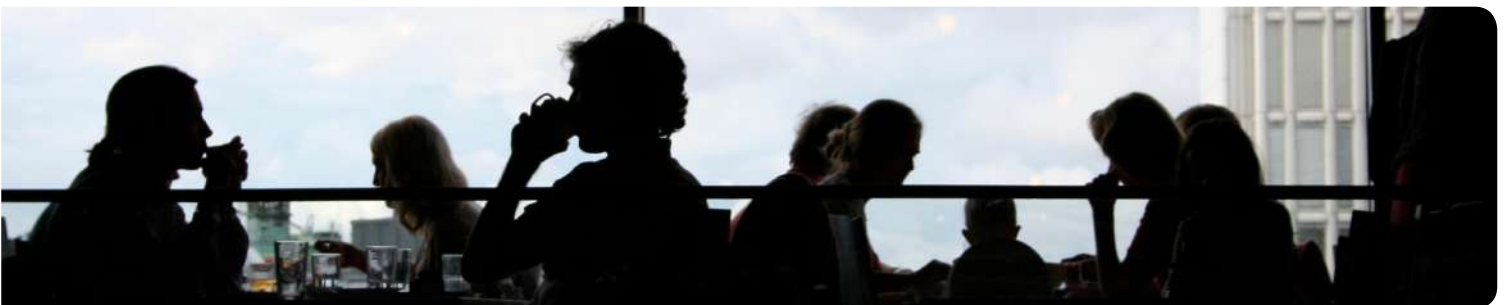

20 years ago, OpenTable disrupted the way diners made reservations by moving from telephone to online bookings.[5] No longer is the customer constrained by communication channel, being able to reserve at the click of a button is almost a given. But, these advances that make life easier come with a heightened sense of expectation for the restaurant. Instead of just giving a phone number and surname, booking systems often require more personal information including email address, whether your trip is to mark a specific occasion and if any special requirements are needed. All this information is used to make the experience as personal as possible. But, to the business-savvy consumer this is valuable information that the restaurant can use at a later date and consumers expect to be rewarded for supplying it. From a restaurant perspective the floor management & reservation platform systems are integral, knowing traffic patterns and trends is a necessity for success. But behind the scenes the technology is becoming more complex. The introduction of machine learning, algorithms and product customisation are all part of the restaurants armoury to greater personalise the guest experience.[5]

The role of technology goes much deeper than initial selection and booking, consumers now want to embed it within their actual dining experience.

51% Loyalty members want access to discounts

50% of respondents want payment flexibility (i.e. bill splitting ability) when visiting a restaurant

50% of customer who pay with their phone want to use a restaurant app

31% of restaurant diners want to be able to pay with their phone

20% increase in spend per visit when Technology is used to place an order

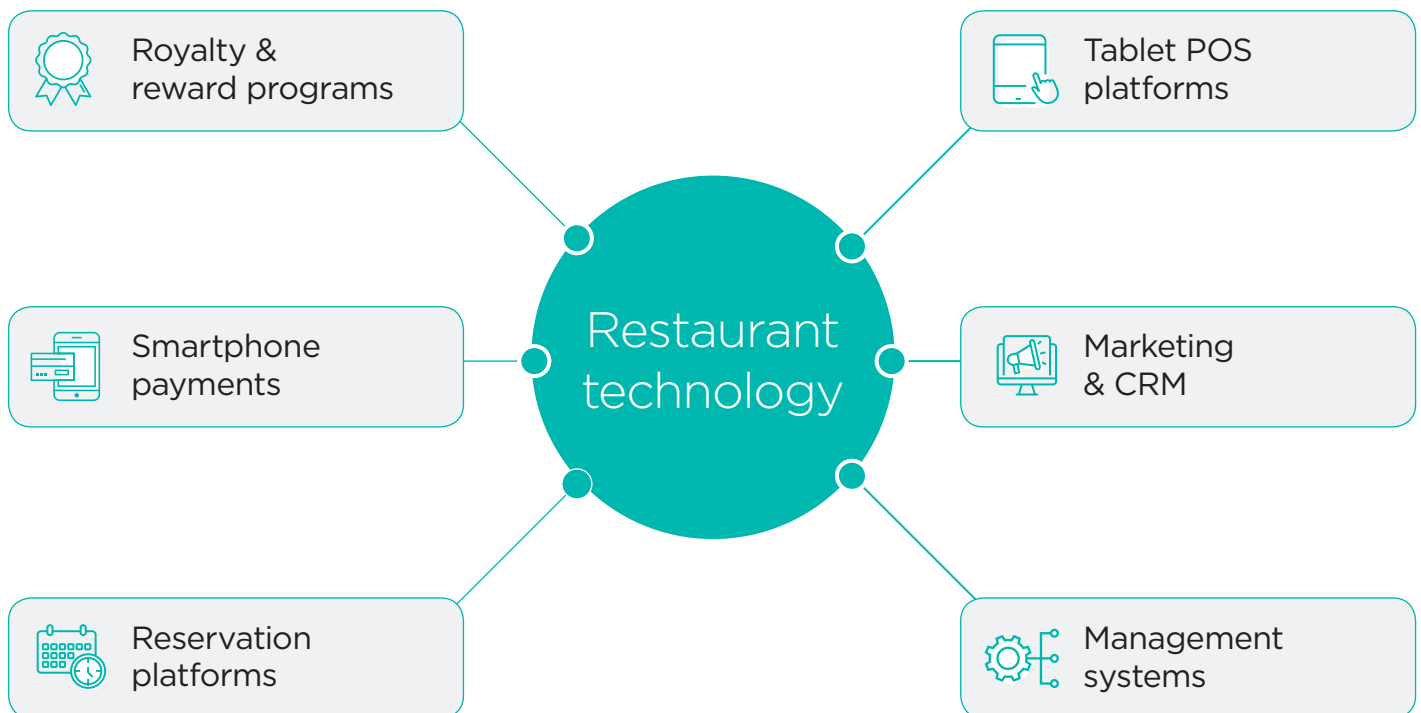**13%** increase in spend when ordering online

These trends highlight that need for hotel restaurants to become more digitally enabled, aligned and integrated to provide the customer an improved end-to-end experience. However, This comes with its own set of challenges. More technology could equal more complexity, more cost and more compromise.
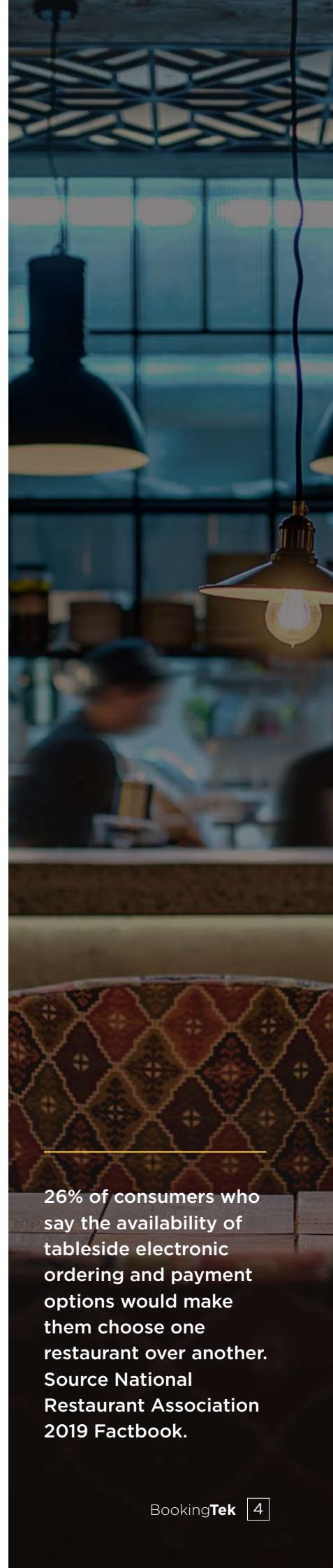
26% of consumers who say the availability of tableside electronic ordering and payment options would make them choose one restaurant over another. Source National Restaurant Association 2019 Factbook.

Dealing with complexity

Hotel Food & Beverage is a diverse and complex operation that's reliant upon several business-critical systems working in unison. Get it right and your customers enjoy a seamless digital experience which can yield new revenue opportunities. However, many restaurants are now facing a compromise between opportunity and complexity by considering new individual technologies to deliver higher levels of customer experience.

Royalty & reward programs

Tablet POS platforms

Smartphone payments

Restaurant technology

Marketing & CRM

Reservation platforms

Management systems

Every hotels F&B differs in terms of its technology stack, even within large hotel chains. Mergers and acquisitions and/or local vs global purchasing can mean that each hotel has a different blend of technology and vendors - sometimes even within one specific function. For example, many hotel restaurants employ a variety of 3rd party reservation platforms (occasionally) with a proprietary in-house booking systems. Thesharing of inventory between these systems is paramount to ensure tables aren't double-booked or left vacant.

Add to this the mix your existing Point of Sale (POS) and Property Management Solution (PMS), marketing CRM, analytics platform and review engine and things can get very complex.

So much so that multiple vendors within your estate can easily lead to:

- Greater vendor, contract and resource management

- Siloed information and lost opportunity through data not being shared across technologies

- Possibility of duplication

- Increased staff training and support costs

- Restricted or complex integration with other business critical tools

- Disjointed reporting - leading to revenue erosion etc

This challenge is unlikely to blow over. In fact, managing complexity will continue to intensify with the introduction of new tools to enrich the customer experience. Those that overcome these challenges can unlock potential new revenue streams through improved inventory management, increased customer insight/application of data and upsell opportunities.

Why visibility and insight are key

Mathematician Clive Humby, the architect behind the Tesco Clubcard, said "data is the new oil" – of course he was referring to the value of data as a commodity. Within hotel F&B this rings just as true. Every interaction, every purchase or request can contain valuable insight about the customer. This insight is critical in addressing some of the challenges facing the industry, as referenced at the beginning of this briefing. But, it's also an imperative to maximising revenue generation for both new and returning customers.

This issue with data is that it tends to reside in silos. Valuable information is stored in isolation and not augmented into a single source of truth. Booking data can, in some instances, be the property of 3rd party providers. Reviews can be dispersed across a number of internal and external platforms, guest profiles can sit within the PMS only. The unification of these systems and data enables hotels to mine previously untapped opportunities, as well as understanding consumer trends which can be used to shape the hotels F&B offering.

Steven Chan, Head, Operations Support and Franchise Operations, AMEA at IHG stated that hotels can "Get ahead by listened to what the guest wants, and don't assume that every guest's need will be able to be met through a single offering". He continues that "Guest data can be used to understand the consumer on a deeper level in order to target them with Food and Beverage experiences that answer what they are looking for".[8]

TableRes®

The Industry's first Integrated suite of digital tools for F&B in hotels

Mitigating complexity, reducing cost whilst maximising revenues is the holy grail for many hotels F&B managers. Now it can now become a reality with TableRes Digital – the Industry's first Integrated suite of digital tools specifically for F&B in hotels. Each tool is best-in-class and joined-up within the suite, creating an integrated solution that optimises your hotel's F&B revenue.
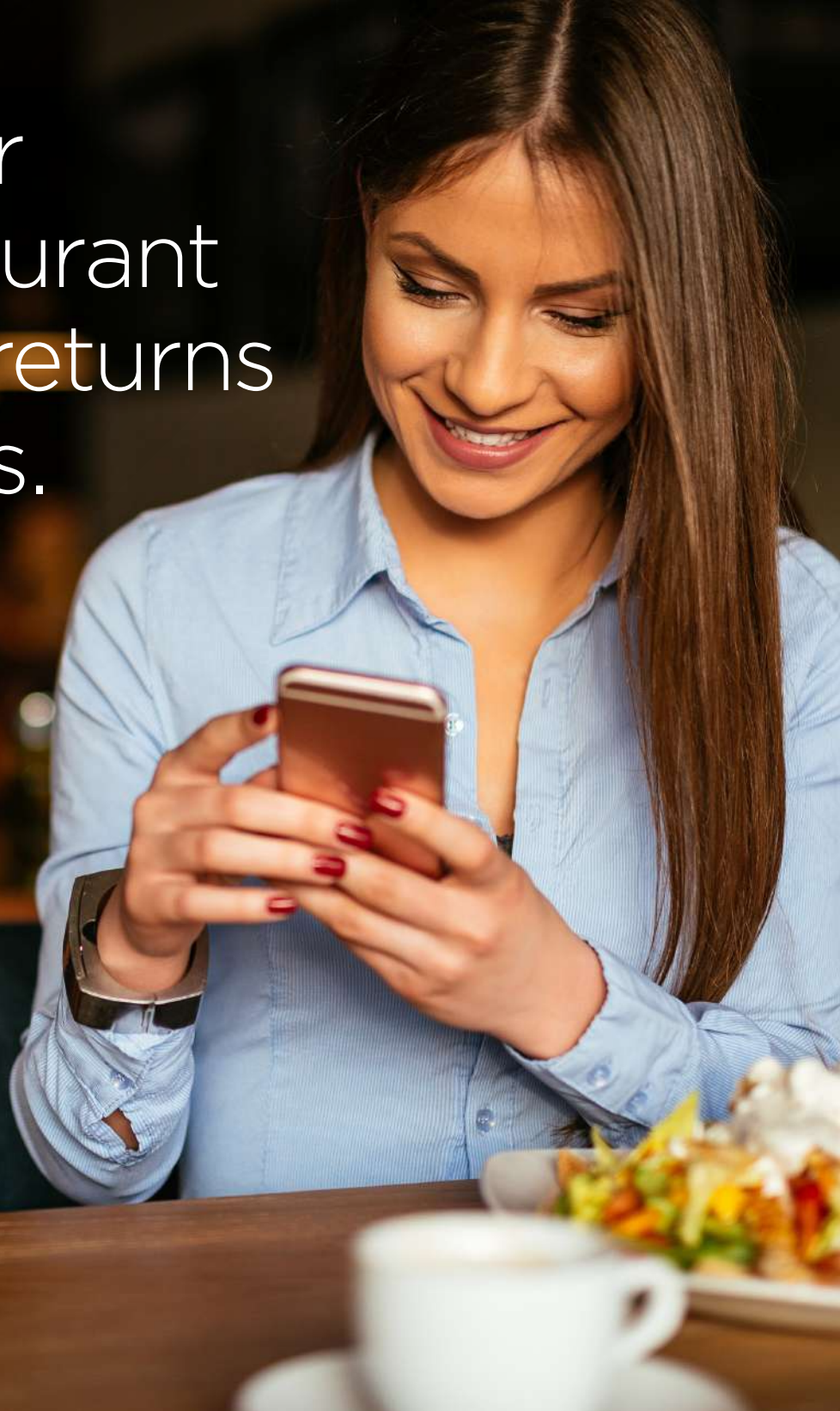
TableRes Digital from BookingTek consists of:

- Online and in-app direct reservation tools that also integrate with 3rd party booking platforms
- Consolidated floor management
- Automated review and reputation functionality
- Marketing automation across email, SMS, push and social media
- Consolidated analytics
- A guest order and pay mobile app that can be used in restaurants, bars, poolside, spas and for in-room dining

Consolidating to one vendor for all F&B digital tools reduces management, duplication and training for staff whilst providing seamless integration between all tools. The power of TableRes Digital is so compelling that we already have global agreements with half of the world's top 10 hotel groups.

To find out how TableRes Digital can transform your F&B offer contact BookingTek now.

Boost your hotel restaurant revenues, returns and ratings.

Contact us today

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[1] https://www.efficienthire.com/3-big-challenges-facing-hospitality-industry-restaurants [2] https://www.equiomgroup.com/news/top-five-challenges-facing-hotels-2019 [3] https://www.rsmuk.com/blog/challenges-facing-the-hotel-sector [4] https://www.hospitalitynet.org/opinion/4089762.html [5] https://table.skift.com/2017/09/25/the-new-restaurant-reservations-landscape [6] https://www2.deloitte.com/us/en/pages/consumer-business/articles/restaurant-future-survey-technology-customer-experience.html [7] https://www.cbinsights.com/research/restaurant-tech-market-map-company-list [8] https://skift.com/2016/11/03/threats-facing-hotel-food-and-beverage-intensify