



Hotel Food-and-Beverage Managers Are Not Done Adjusting Yet

Lingering Effects of Pandemic Require Nimble Hotel Food and Beverage

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During the COVID-19 pandemic, many hotels curtailed or closed their food-and-beverage operations. As the pandemic subsided, travel began to return. However, several trends are adversely affecting hotel food service operations.



Inflation

The COVID-19 pandemic required unprecedented government spending. One of the consequences of this government spending is inflation. Food inflation has been significant, peaking at 11.4% in July 2022. Other factors contributing to food inflation include the war in the Ukraine, energy costs, fertilizer shortages and droughts. Fortunately, food inflation is decreasing — it was 10.9% in October and forecasts call for it to normalize at about 4% in 2023.

Early in the inflationary period, customers were willing to accept menu price increases; however, as inflation throughout the economy increasingly became a factor, they are becoming less forgiving. As a result, many hotels have adjusted menus to lower food cost and reduced portion sizes to avoid price increases. Food and beverage complimentary offerings, such as breakfasts at limited-service hotels, have had quality adjusted to reduce cost. Hotel food service operations will continue to focus on refining menus and portion sizes as well as focusing on food-and-beverage cost controls to avoid significantly increasing prices throughout 2023.



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Labor Challenges

For most hotels, labor expenses are the greatest expense in the food-and-beverage department. For many food-and-beverage managers, attracting and retaining staff, especially back-of-house, has always been a challenge. Despite the inflationary pressures and a likely recession, the labor market has tilted in employees' favor. People are successfully securing jobs they would never have considered applying for in 2019. In such labor markets, service industries are significantly affected.

Historically, food-and-beverage department employees were often taken for granted and expected to stay late or work on their days off. Higher wages, better benefits, signing bonuses, retention bonuses and other perks are required to attract and retain employees.

Food-and-beverage managers must work to ensure a positive work environment to attract and retain employees. Be flexible when it comes to scheduling and work around their availability. Don't expect employees to stay late, instead ask if they are available when needed and don't apply pressure to do so.

Exit interviews have always been an important tool to understand and correct issues that are leading to employee departures.

However, successful hotels are focusing on "stay" interviews to ensure that employees are engaged and mitigate any challenges that may prevent their employment continuing. Another practice that some hotels have found successful is financially

rewarding existing employees for recruiting friends and family members with cash compensation upon hiring and a bonus after their recruit stays for a defined length of time.

The average commercial restaurant is open seven fewer hours per week than it was in 2019. If staffing the food-and-beverage department is a challenge, revisit the hours of operation. With Uber Eats and other delivery services, is late-night room service required? Does the restaurant need to be open when business levels are low? Servers want to work when it is busy as gratuities are a major part of their compensation.

Limited-service hotels have breakfast rooms that can be staffed by one employee — think outside the box on how to design food-and-beverage outlets to operate more efficiently from a labor perspective.

Sustainable and Ethical Food Service

Many hotels are implementing sustainable and ethical food service practices as well as participating in food insecurity programs. Not only do these programs benefit the planet and those suffering from food insecurity, but it results in spinoff benefits for the hotel.

Many hotel consumers and potential employees want to align themselves with businesses that share their values. Actively pursue environmental, social and other initiatives and make sure to tell the story of what you are doing.

Technology

While hotels were the segment of the industry that quickly adapted to technology — such as with property management system —, the food service segment has proceeded more cautiously.

Prior to the pandemic, the utilization of technology in food service departments was increasing. The pandemic has accelerated such growth. Hotel food-and-beverage operations are using a variety of technological tools to drive revenues and overcome labor challenges, such as:

- Ordering — Mobile order and pay, order kiosks, online ordering and other like tools reduce the requirement for cashiers. Hotel guests are pre-ordering restaurant meals and ordering room service using technology. An added benefit is these tools never forget to upsell and generate greater average checks. Some hotels are moving to online ordering systems for catering for events that do not require customized menus.
- Delivery Technology — Some hotels are using robots to deliver room service orders and other items to guest rooms.
- Inventory Software — Inventory can be a time-consuming task for food-and-beverage managers. Technology enabling them to scan bar codes, electronically weigh items, extend inventory counts, etc., can greatly reduce the resources required for this process.

To be successful, food-and-beverage department managers must recognize how the industry is changing and adapt.

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