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THE FUTURE OF HOSPITALITY ENTREPRENEURSHIP

A FIELD GUIDE FOR THE NEXT GENERATION
OF HOSPITALITY INNOVATORS

About Les Roches Global Hospitality Education

Founded in 1954, Les Roches is a private institution based on the Swiss model of experiential learning, offering undergraduate and graduate degrees in the fields of hospitality, tourism and event management. Les Roches prepares entrepreneurial and innovative graduates across a global network of campuses in Switzerland, Spain, the US, China and Jordan.

Students at Les Roches gain business and leadership skills through a dynamic curriculum that blends rigorous academics with hands-on practice. Classroom learning is enhanced by interaction with innovative companies and industry leaders, and students are challenged to find solutions to real-world business challenges and develop their entrepreneurial abilities. Immersive learning experiences, such as industry visits, hospitality forums and competitions, and student-led events on campus, provide a platform for students to gain industry exposure, build confidence and take a proactive role in their own education.

Global internship opportunities are built into the curriculum, providing students with valuable work experience and firsthand industry knowledge. In addition, students are encouraged to develop their global outlook and multicultural competency by taking advantage of study abroad options across the international Les Roches network. With campuses in five world hospitality hubs, students from more than 90 nationalities and alumni in 130 countries, Les Roches offers a truly global perspective on hospitality education.

With the opening of its newest campus in Chicago, Les Roches brings its proven blend of academic and experiential learning to the heart of American hospitality.

Les Roches is accredited at the university level by the New England Association of Schools and Colleges, Inc. (NEASC).



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ABOUT SKIFT

Skift is the largest industry intelligence platform, providing Media, Insights & Marketing to key sectors of travel.

SkiftX is Skift’s in-house content marketing studio, working collaboratively with partners on integrated projects including webinars, video, research, and live events.

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MASTHEAD

Writer / Jeremy Kressman
 Branded Content Strategist / Matt Heidkamp
 Project Manager / Kirstie Jiongco
 Executive Sales Director / Deborah Knudsen
 Senior Designer / Ping Chan

Introduction: How 5 Key Trends are Shaping the Industry Today

The hospitality industry is in the midst of one of the most dramatic periods of change in its history. Everything from the consumer shift to mobile, to new industry forces like Airbnb and changing travel habits are each creating new challenges and business opportunities for hospitality entrepreneurs. Where should entrepreneurs looking to start new businesses focus their time and money? At the same time, how can established hospitality businesses seize on these changes to adapt and grow their own organizations?

Skift's "Future of Hospitality Entrepreneurship" trend report takes a closer look at how the five key trends outlined in the following pages are shaping the industry today. Two of the trends focus on entrepreneurs looking to start new companies, examining the growth of the ecosystem developing around accommodation-sharing and category leader Airbnb. Another trend examines the importance of mobile devices and digital services to the hotel guest experience, a topic which has applicability to both new and established businesses alike. Two other trends take a closer look at how the concept of "living like a local" and food and beverage are helping various companies evolve the hospitality standards of the future.

Taken collectively, the trends outlined on the following pages offer a potential road map for hospitality entrepreneurs as they seek to invest in new business opportunities and evolve established hospitality operations to address the new realities of today's travel landscape.

Trend 1: Digital Concierge and Hotel Services

According to 2016 estimates, there are now more than 4.3 billion mobile phone users worldwide, accounting for close to 60% of the earth's population. Over the past decade this "mobile revolution" has spawned brand new industries and transformed others from the ground up. The hospitality sector is no exception.

In fact, the smartphone is becoming travelers' de facto hotel "remote control" to handle everything from ordering hospitality services to finding local city information. At the W Hotel in Paris, hotel staff use mobile messaging service *WhatsApp* to answer guest questions. At Virgin Hotels' flagship property in Chicago, guests can use their mobile device to control everything from room temperature to ordering room service.

These services aren't just about generating good press. A range of entrepreneurs and established hospitality companies are now using these technologies to launch new companies, create new revenue streams, offer more value to guests and compete against emerging competitors like Airbnb. In this section we'll investigate a range of digital hotel services powered by smartphones, and look at how entrepreneurs are using these tools to help hotels increase efficiency, improve guest satisfaction, create new business opportunities and ultimately boost their bottom line.

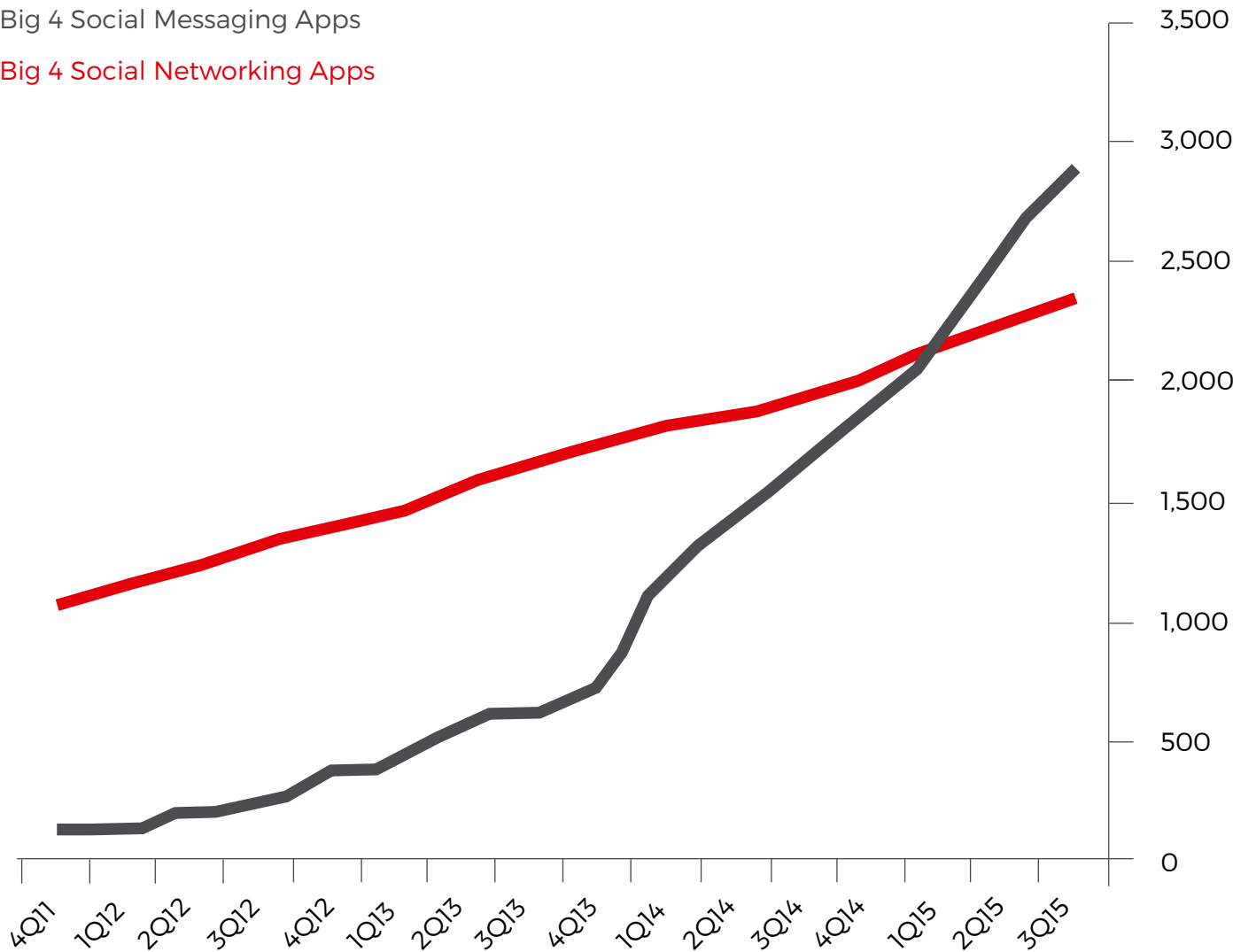


Messaging Apps Have Surpassed Social Networks

Monthly active user for top 4 social networks and messaging apps

Big 4 Social Messaging Apps

Big 4 Social Networking Apps



Messaging services, which in recent years have surpassed social networks in popularity, are creating a new model for how hospitality organizations communicate with customers.

Source: The Messaging App Report, Business Insider

Messaging Platforms

Travelers' usage of messaging apps is growing at an incredible rate. One recent forecast found that the monthly active users of the world's four biggest messaging apps had leapfrogged past the total users for the world's four biggest social networking apps, reaching 3 billion individuals collectively by 2015. For hospitality entrepreneurs and hotel executives, this shift has brought unexpected opportunities.

For one, there's now a growing opportunity for hotels to sell add-on services and engage guests using these messaging platforms. In fact, a range of hotel-focused messaging platforms like ALICE, Checkmate, Synergy MMS and Knowcross help hotel staff use digital communication to streamline everything from property maintenance to guest interactions. This is to say nothing of new automated "chat bots" being tested by travel brands like Expedia and KLM Airlines that help companies deal with common customer service requests.

For hotel owners, the decision about where to focus their messaging activity is one of the big questions. For some brands like Marriott and Virgin Hotels, the decision has been to offer guests messaging services using their own branded apps. For other hotels like Starwood's W Hotel properties in Doha and Paris, the approach has been to engage guests using third-party messaging apps like WhatsApp and BlackBerry Messenger. Ultimately there's no single approach to do messaging right. For hotel owners, the key is to focus on the goal they're trying to achieve with messaging and choose the right strategy and tools from there.

“

ONE OF THE MOST INTERESTING [HOTEL] TECHNOLOGIES RIGHT NOW IS MOBILE BOOKING VIA MESSAGES. THE WAY THE CONVERSATION UNFOLDS VIA CHAT FEELS MORE HUMAN. YOU CAN ALSO KEEP TRACK OF GUESTS, LIKE FOR INSTANCE ON AIRBNB, WHERE HOSTS CAN CHECK IN WITH THEIR GUESTS USING MESSAGES. THE REAL TECHNOLOGICAL INNOVATION RIGHT NOW IS IN THIS AREA, RATHER THAN A SPECIFIC PRODUCT INSIDE THE HOTEL ITSELF. ”

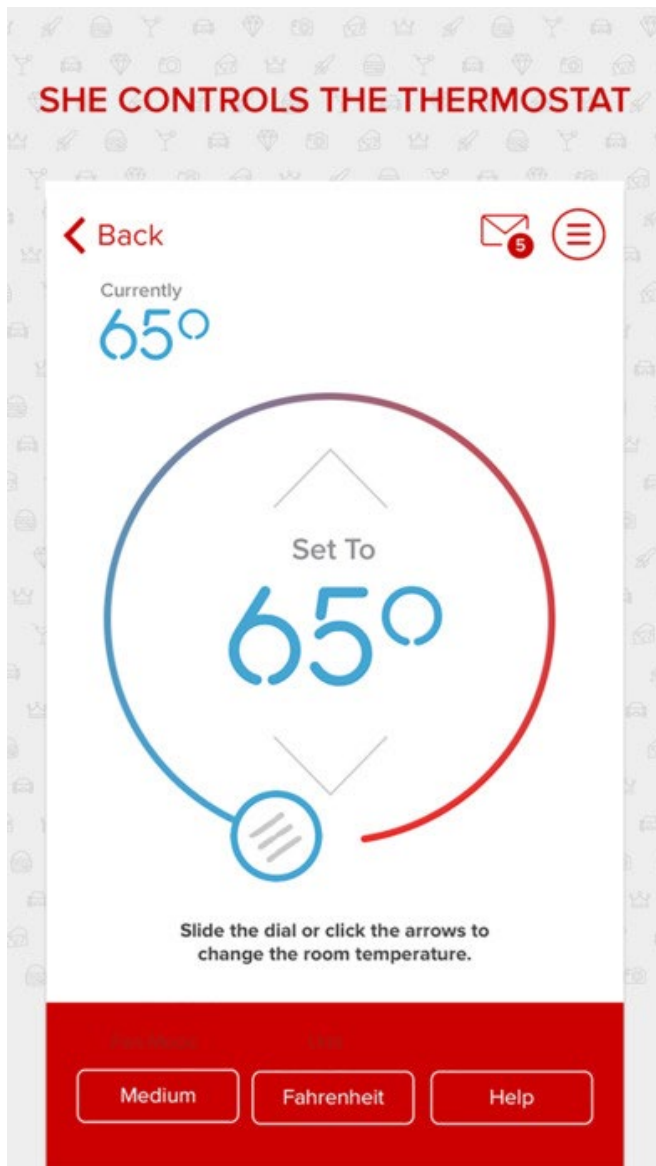
— RICCARDO CAMPIONE, ASSISTANT PROFESSOR OF PRACTICE, OPERATIONS MANAGEMENT, LES ROCHES GLOBAL HOSPITALITY EDUCATION

Smartphone-Enabled Room Services

Travelers' use of mobile phones is skyrocketing. But how should hotels take an entrepreneurial approach to these miniature computers that now live in every guest's pocket? The answer for many hotel businesses has been to launch services that turn smartphones into a virtual "remote control," giving guests more power over their stay. This includes a number of initiatives to improve guest satisfaction and streamline the hotel experience.

One of the most popular applications for smartphone-based guest services right now is the mobile-powered door key. Since the debut of Starwood's "SPG Keyless" program back in 2014, other major hospitality chains including Hilton and Marriott have followed suit. As of 2016, Starwood reported that its keyless entry service was available at 160 hotels in 30 different countries.

Smartphone-powered room keys aren't the only opportunity. Other hospitality groups like Virgin Hotels let guests use mobile apps to control a variety of guest services, including features that let them remotely customize their room temperature, order room service, interact with fellow hotel visitors and find out about local events.



A screenshot from the room temperature feature on LUCY, Virgin Hotels' smartphone app.

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FOR ME, THE ABILITY TO CHECK IN, CHECK OUT AND OPEN YOUR ROOM WITH YOUR PHONE IS AMAZING. SO MANY TIMES YOU GO TO A HOTEL AND YOU'RE SUPER BUSY, YOU DON'T WANT TO GO THROUGH RECEPTION AND WAIT IN A LONG QUEUE TO GET THE KEY...YOU DON'T HAVE TO INTERACT WITH ANYONE. ”

**— ADELAIDA MURIEL GALET, CO-FOUNDER,
HOT HOTELS & LES ROCHES ALUMNUS**

Internet of Things Deployments

The smartphone isn't the only device making its way into more hotels' marketing and operations plans. These days, the physical hotels themselves are getting "smarter," thanks to growing interest in the "internet of things" (IoT). The IoT revolves around the idea that virtually any physical object in a hotel, including room thermostats, TVs and door keys can be controlled and monitored remotely.

Starwood's ALOFT hotel chain, for example, is experimenting with voice-powered hotel room features that can be turned on and off using the same interface as Apple's popular Siri assistant. Meanwhile, Marriott's M Beta hotel concept in Charlotte, North Carolina is installing physical "like" buttons (similar to the ones found on Facebook) which let the hotel gather feedback into what hotel amenities guests prefer.

The benefit of connecting these types of services to the internet is two-fold. Not only does it give guests more granular control over their hotel experience, it also allows hotel staff and owners to gain a much richer picture of what's working and what's not. These insights create a baseline knowledge of guest satisfaction, offering hotel managers new tools to inform their development of new services and on-site revenue opportunities.



A real-world "like" button at Marriott's M Beta test hotel in Charlotte helps the staff get instant feedback on hotel amenities from guests.



Robot Concierges to Help Guests

Hotels are always on the lookout for ways to offer more services to guests, improve efficiency and improve guest satisfaction. But when many in the hospitality business think about how to address these three issues, they don't often think of robots as the answer.

Nevertheless, guest-focused robots are exactly what a number of hotel chains are testing right now. Hilton launched a pilot robot program nicknamed "Connie" that uses IBM's Watson artificial intelligence system to greet guests and answer questions about hotel amenities and services. Meanwhile, the ALOFT brand has "Botlr," which delivers room service, towels and linens and assists visitors with the check-in process during peak periods.

But despite the intriguing applications for these futuristic automated assistants, questions linger over how effective, or scalable, they might be. Some experts suggest such automated hotel services will only be appropriate for certain customer segments like business travelers, and emphasize that robots will probably not make much sense in regions of the world where labor costs are relatively low.

Still, for established hotel chains, the growing trend toward automation of hotel services like check-in kiosks and tablets at hotel restaurants suggest that self service "robots" may indeed have unexpected potential in the future.

"Some customers like business travelers who are on the road a lot will be more open to technology from the time they check in. But perhaps if you're going for vacation, you'll prefer to have more human contact," says Sanjay Chib, associate professor, entrepreneurship, at Les Roches Global Hospitality Education. "It will also depend upon the part of the world you're visiting. In the West, human associates are very expensive. You have to replace certain manual processes. But if you go to developing economies like in Asia...you'll have maybe 3 or 4 people attending to a single guest."

ALOFT's "Botlr" robotic hotel assistant.

Trend 2: Chasing the Airbnb Economy

Accommodation-sharing company Airbnb has evolved from a “crazy idea” into a global hospitality giant. The company today claims more than 150 million total guests and 3 million property rentals listed across more than 65,000 cities worldwide.

But it's not just Airbnb itself that is growing in popularity. As the site has earned growing clout with travelers, an emerging ecosystem of startup businesses is rising to serve Airbnb hosts with everything from pricing strategies to property management and concierge services. Now, with the introduction of its new Trips product, Airbnb is further expanding its product offering with local tours and activities. What might be next?

In this section, we take a closer look at some of the most popular business models entrepreneurs are embracing to build businesses serving Airbnb hosts and guests, and think about how the company's strategy may evolve in the near future.



Welcome to the world of trips.

Pricing and Revenue Management Tools

City	Avg. Daily Rate Dec-Mar	Avg. Daily Rate Jun-Sept	%Change Form Winter to Summer
San Francisco	\$124	\$126	1.60%
Austin, Texas	\$110	\$115	4.50%
New York	\$107	\$104	-2.80%
Los Angeles	\$93	\$94	1%
London	\$86	\$84	-2.30%
Sydney	\$66	\$63	4.70%
Berlin	\$59	\$57	-3.30%
Melbourne	\$54	\$53	1.80%
Rio de Janeiro	\$52	\$51	1.90%
Barcelona	\$45	\$45	N/A
Tokyo	\$38	\$45	18.40%
São Paulo	\$35	\$35	N/A

Data provided by Beyond Pricing to Skift illustrates the constant variability in customer supply and demand facing Airbnb hosts.

Pricing and Revenue Management Tools

One of the benefits of Airbnb is that it offers travelers a wide variety of accommodation options and neighborhood choices. But while this is good news for guests, it makes life more challenging for Airbnb hosts. For property owners who are unfamiliar with the hospitality business, figuring out how to price their space is not always as clear as it should be.

As hotel owners have learned over decades of experience, the intricacies of supply and demand are affected by a range of factors, including occupancy rates, city-wide events, holidays and peak vacation periods. For Airbnb hosts, understanding these pricing variables is no simple matter. Although Airbnb now offers an integrated pricing tool for hosts, figuring out what to charge remains a complicated question.

Thanks to a new crop of Airbnb revenue management services, Airbnb owners now have a potential solution. Services like Beyond Pricing, Wheelhouse, Everbooked and Smart Host are using the same revenue management tools once traditionally reserved for hotels.

“

[WHEN YOU LOOK AT DAY TO DAY RATES RATHER THAN ONLY AVERAGES YOU SEE THAT] SAN FRANCISCO AND NEW YORK CITY HOSTS WILL SET WEEKDAY AND WEEKEND PRICES AND WILL ONLY ADJUST PRICES FOR THE MOST OBVIOUS EVENTS LIKE NEW YEAR'S EVE IN NEW YORK CITY AND THE SUPER BOWL IN SAN FRANCISCO, ”

— IAN MCHENRY, CO-FOUNDER AND PRESIDENT, BEYOND PRICING

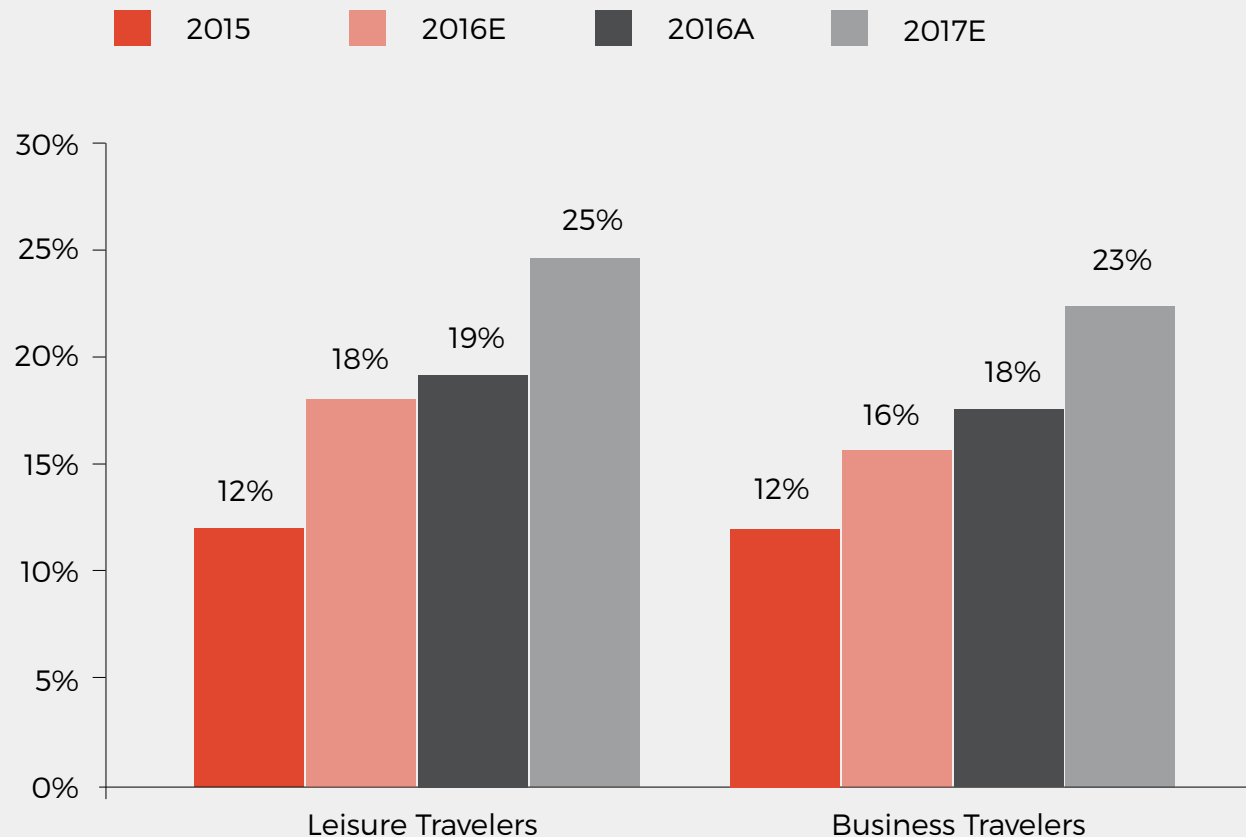
Rental Property Service Providers

Business travel on Airbnb continues to grow. According to one recent estimate, nearly 14,000 companies have signed up for the accommodation-sharing company's "Airbnb for Business" service. Another forecast by Morgan Stanley predicts that nearly one-quarter of business travelers will have stayed in an Airbnb by 2017.

But business travelers are also more demanding than the typical leisure traveler when it comes to hospitality services. Amenities like meeting workspaces, business centers, concierge services and front desk check-in are often must-haves rather than unnecessary add-ons.

That's why a new crop of startups is helping many Airbnb hosts provide the same type of "managed" services they've come to expect from hotel stays. Firms like GuestReady, Pillow and Hostmaker are making it easier for Airbnb to deliver on the types of services high-spending business and luxury travelers have come to expect...and keeping traditional hotels on their toes.

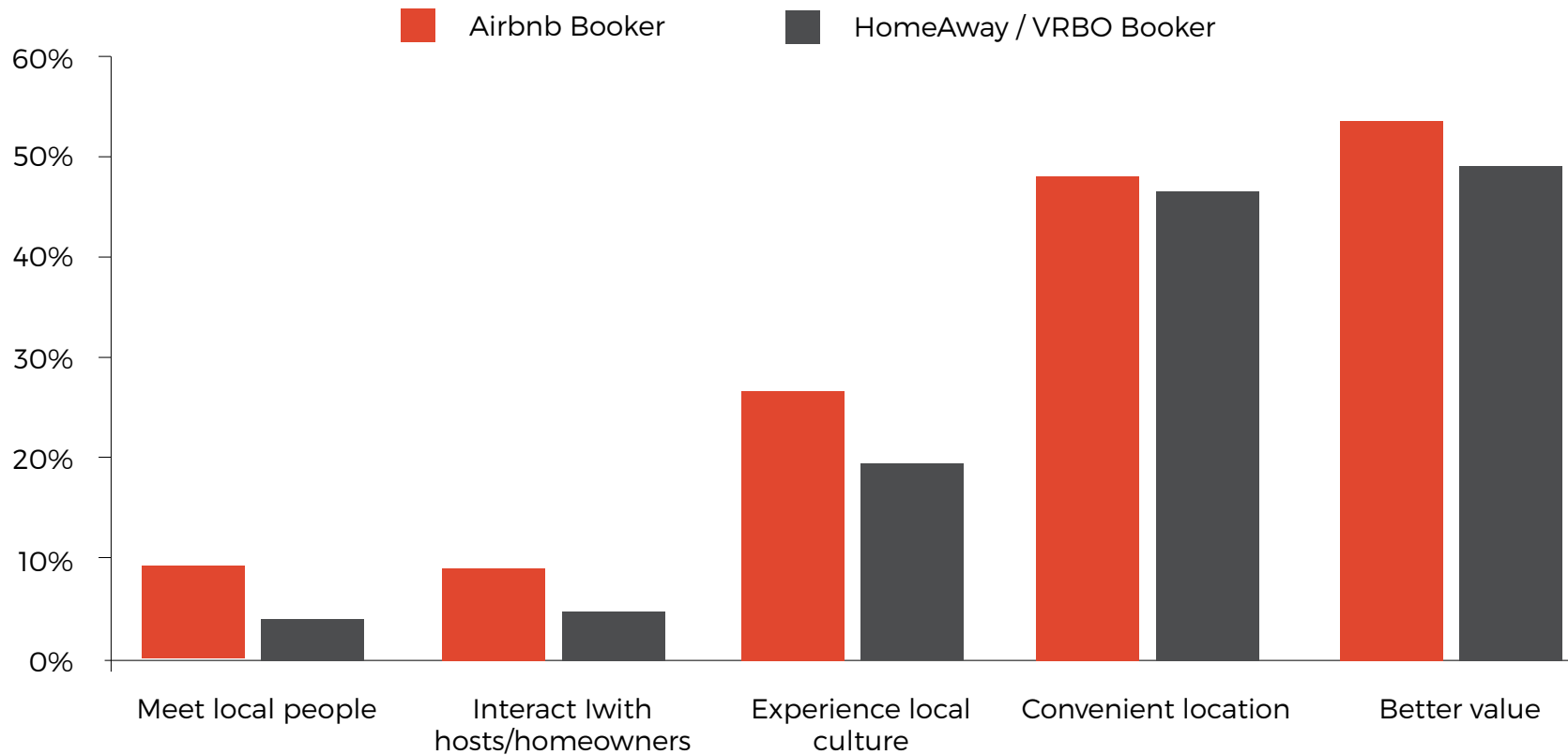
Airbnb Use (Among Travelers)



Source: AlphaWise, Morgan Stanley Research

It's not just leisure travelers staying at Airbnb's anymore. Recent research suggests that close to one-quarter of business travelers will use the service by 2017.

Why U.S Travelers Rented, 2016



A recent study of why U.S. travelers rented an Airbnb emphasized the importance of “experiencing local culture.”

The Airbnb Trips Opportunity

For Airbnb hosts hoping to earn some extra cash, the launch of the company's new Trips product offers an intriguing prospect. Now, in addition to renting out their apartment or home, hosts have the opportunity to offer one-of-a-kind local tours and experiences to travelers.

In fact, Airbnb's move into the tours and activities sector makes a lot of sense. According to recent research, many Airbnb customers pick the accommodation-sharing company over competitors like HomeAway because it offers them a chance to meet local people, interact with hosts and experience local culture.

Don't expect tours and activities to be Airbnb's last big business move. As the company prepares itself for an inevitable IPO, many travel insiders expect the company will continue to evolve its business, moving closer to the model created by online travel agencies like Expedia and Priceline.

For the businesses that work closely with these two firms, the jury is still out as to whether or not that's a good thing for their own business. But for the hosts and businesses already working with Airbnb, Trips may be just the first sign of a coming wave of changes.

Trend 3: Rediscovering Local Experiences

Thanks to the popularity of Airbnb and changing consumer tastes, the mantra “live like a local” has gained widespread acceptance among travelers. But for traditional hotels, figuring out what this “local” philosophy means for their businesses, and how to provide it while still delivering the same high level of guest hospitality and consistent service, can be challenging.

Thanks to a number of pioneering hotel businesses concepts, we’re starting to see some potential solutions. For resorts like Canada’s Fogo Island Inn, “local” is less of a marketing mantra than a new way of doing business that integrates the local community directly into the guest experience. Other hospitality businesses like Washington DC’s Embassy Row hotel are succeeding by developing symbiotic relationships with local merchants. Meanwhile, other hotels are utilizing digital tools to try and offer guests new insight into the surrounding areas where they operate.

In this section we take a closer look at how different hotels around the world are answering the question of what it means to become more “local,” evolving their guest experience and business models in the process.



Hotels Partner with Local Communities

Newfoundland's Fogo Island Inn is not your typical hotel. Aside from the property's striking modern architecture and "otherworldly" location on an isolated island on Canada's Atlantic coast, the resort's owner, Zita Cobb, likes to describe it as less of a hotel and more of a "cultural center."

In fact, Cobb's resort is pioneering a new paradigm for how hospitality businesses coexist with the regions and cities where they operate. A big part of this local hospitality model is centered on a deep relationship with this remote island's residents and businesses.

Guests are offered the option of meeting and spending time with like-minded island residents. This can include learning about local fishing techniques or helping with boat building. In addition, Cobb uses the resort's Arts Residency Program and Business Assistance Fund to partner with local artists and entrepreneurs, helping residents develop sustainable skills and allowing guests to enjoy the fruits of their labors.



“
THE FOGO ISLAND INN IS LIKE A PLATFORM TO ME, THE KIND YOU FIND IN A TRAIN STATION. I SEE IT AS A PLACE WHERE TRAVELERS CROSS PATHS WITH FOGO ISLANDERS, SHARING THEIR RELATIONSHIP WITH THE SEA AND TO THE LAND, THEIR OPTIMISM, AND THEIR UNCANNY ABILITY TO REINVENT THEMSELVES.”

— **ZITA COBB, SOCIAL ENTREPRENEUR AND FOUNDER OF FOGO ISLAND INN WAVE OF CHANGES**

A Fogo Island fisherman shows off the catch of the day. The Fogo Island Inn is pioneering a new social business model for hospitality companies to collaborate with local residents.

Bringing Local Experiences into the Hotel

As hospitality businesses look for ways to more closely tie themselves to the local community, they might consider examining the example of Washington DC's Embassy Row hotel. Lots of hotels like to feature local food and drink on their in-house menus, but Embassy Row is taking this concept to the next level by creating deeper partnerships with local businesses.

Embassy Row has formed a relationship with DC-based Union Kitchen Food Incubator, a local startup hub that works with more than 200 food businesses like Compass Coffee. In addition to featuring Compass products at the hotel's on-site cafe, the hotel staff also works with Compass employees to learn about the organization's business model. Embassy has further expanded the local business program to other areas, including an initiative with local tour operators that offers hotel guests an insider look at the Dupont Circle train station.

Other hospitality groups have formed similar partnerships with local entrepreneurs to further integrate themselves into their cities' social and business communities. Europe's Generator Hostels, for example, has teamed up in recent years with nightlife group Boiler Room to throw an ongoing series of parties at Generator properties.



WE BRING IN THE LOCAL STARTUPS BECAUSE THEY HAVE SO MUCH PASSION...THEY'RE CO-BRANDING IN OUR SPACE, LIKE COMPASS COFFEE, AND THEY'RE TEACHING OUR STAFF ABOUT WHAT MAKES THEIR PRODUCTS UNIQUE. ”

— SHAWN JERVIS, GENERAL MANAGER, EMBASSY ROW HOTEL IN WASHINGTON DC

Building Customized Local Guides

Thanks to digital tools like Yelp, TripAdvisor, Foursquare and Instagram, it's becoming easier than ever for travelers to bypass the hotel concierge and start exploring on their own. In this era of nearly limitless information, it can sometimes be hard for hospitality businesses to know what role they should play in helping guests find these types of recommendations.

For a number of hotels, the solution seems to be building customized local guides that take advantage of the wealth of recommendations already available on social media. Washington DC's Embassy Row Hotel, for example, ran a contest encouraging local photographers to submit their favorite neighborhood attractions on Instagram. The hotel then printed up physical cards featuring the attractions to give out to guests.

Other hotel chains like Hyatt's Andaz are teaming up with local discovery service Jauntful, using the digital service to create customized maps that can be accessed by property guests.




A consumer uses the Jauntful app on their tablet. Hyatt's Andaz brand partnered with Jauntful to design customized digital maps for guests.

Trend 4: Demand for Short-Term Rentals Grows Beyond Airbnb

When many travelers hear the phrase “apartment sharing,” Airbnb is often the first company to come to mind. But the truth is that thanks to growing consumer demand, the idea behind “accommodation sharing” is expanding to include a wide variety of businesses.

Just take a look at Onefinestay, a luxury serviced home rental service that was acquired by hotel chain Accor for \$168 million in April 2016. Onefinestay is not alone in its goal of offering Airbnb alternatives. Take, for example, accommodation-sharing company Getaway, which helps travelers find and rent “tiny houses” in beautiful natural settings. This is to say nothing of the dozens of other startups that help property owners with services like distribution, concierge services, insurance and more. One recent venture capital audit of the sector estimated the entire vacation and short-term rental market was worth more than \$550 billion worldwide.

In this section, we’ll take a closer look at the growing ecosystem of businesses emerging to serve customer demand for short-term accommodations.



A Los Angeles home listed on the upscale accommodation site Onefinestay. The site is one of a number of accommodation-sharing firms that offer alternatives to Airbnb.

Airbnb “Alternatives”

Given the dominance of Airbnb in the accommodation-sharing sector, entrepreneurs might think it's difficult for similar businesses to compete. But as a number of hotel industry experts have noted, Airbnb's success has actually created a “halo effect” for other businesses looking to take advantage of demand for short-term and vacation rentals.

Two of the most notable trends over the past decade related to alternative accommodations:

- 1. Diversification** - not every traveler wants to stay in an Airbnb unit. In fact, a range of accommodation-sharing services targeting different traveler segments like business travelers (Resi), luxury travelers (Onefinestay), outdoor-lovers (Getaway) and backpackers have emerged to better serve these populations.
- 2. Creating a vendor ecosystem** - as consumer demand for accommodation-sharing spaces grows, so too has demand for what might typically be described as “B2B” services supporting the rental businesses of hosts. This includes services like host property management (TurnKey), pricing (Wheelhouse), distribution (BookingPal) and much more.



A map detailing some of the most popular categories of companies operating in the accommodation-sharing sector.

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ALTERNATIVE LODGING WILL BECOME A LARGER PLAYER IN THE BROADER ACCOMMODATIONS SPACE...THE NET RESULT OF THAT WILL BE OPPORTUNITY FOR SAVVY ENTREPRENEURS. I WOULD SAY THAT RATHER THAN SMOTHERING THE SECTOR AND CROWDING OUT OPPORTUNITY, AIRBNB HAS IGNITED THE SPACE TO THE BENEFIT OF ENTREPRENEURS. ”

— CHRIS HEMMETER, MANAGING DIRECTOR, THAYER VENTURES

Accommodation-Sharing Distribution

Many aspiring vacation rental property owners assume the process of making money off their units is simple. All they need to do is list their property on one of any number of accommodation sharing websites and let the money flow in. Except it's not that easy. Setting up, managing and responding to guest inquiries across the many websites that list vacation properties can be a tiresome process.

But thanks to a new crop of channel management businesses focusing on the accommodation-sharing sector, property owners have a lot more distribution options. Not only do websites like BookingPal and LeisureLink offer services that help hosts gain more visibility with potential guests, they also help take on some of the burden of marketing and promotion that most small property owners aren't able to handle themselves.

BookingPal is one of a number of companies that provide sharing economy hosts with help placing and promoting their rentals across various accommodation-sharing websites.

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WHAT AIRBNB HAS AN ADVANTAGE IN [COMPARED TO OTHER ACCOMMODATION-SHARING COMPETITORS] IS THEIR MARKETING... FOR INDIVIDUAL DISTRIBUTORS, IT'S DIFFICULT TO BEAR THESE COSTS. IT'S ECONOMIES OF SCALE: TO COMPETE AGAINST AIRBNB, YOU NEED A COMPANY THAT CAN SPEND A LOT ON MARKETING.

”

**— DR. SANJAY CHIB, ASSOCIATE PROFESSOR,
ENTREPRENEURSHIP, LES ROCHES GLOBAL HOSPITALITY EDUCATION**

Trend 5: Rethinking the Connection Between Hospitality and Gastronomy

Thanks to cultural phenomena like travel-themed food shows, food-focused Instagram accounts and the growing popularity of celebrity chefs, food is no longer just a “feature” for many hotel businesses. It’s the main event. As more travelers plan their trips around where to eat, and shun businesses with subpar food offerings, hospitality businesses have had to rethink their own approach to food and beverage.

The results of this shift have been numerous. Whereas in the past the hotel concept came first, followed by the selection of on-site restaurant vendors, today that process is playing out in reverse. Some of the today’s hottest resort concepts are starting out as vineyards, craft beer breweries and farms first, hotels second.

For other hotels, this renewed focus on food and drink has resulted in a rethink of how and why they offer an in-room minibar to guests. And at hotel chains like Marriott, they’ve been partnering with food-focused startup groups to try and breathe new life into the food and beverage services of their various properties.

In this section, we’ll examine some of the innovative concepts that are reshaping how hospitality entrepreneurs and guests think about food and beverage service at hotels.



Image source: www.flickr.com/photos/lesroches/

Breweries and Vineyards Become Hotels

In today's food-obsessed travel environment, offering the typically "adequate" food menu of club sandwiches and bottled beer is no longer enough. For a growing range of hospitality businesses that want to become true destinations for food-loving travelers, the key is to offer something unexpected. That means making food the center of the traveler experience.

Take Spain's Hacienda Zorita, which originally started as a vineyard and evolved into a food-focused resort. Over the past decade, the company has expanded its on-site operations to include cheese-making, olive oil production and raising pigs used for Spain's famous "jamón ibérico." Not only do guests get to enjoy delicious, organically-sourced food and drink, their visit to Hacienda Zorita offers a unique insight into Spanish gastronomic culture.

Meanwhile, just outside of San Diego, renowned beer maker Stone Brewing is working on one of the world's first "brewery hotels," offering guests access to some of the company's one-of-a-kind range of craft brews. For beer-loving tourists, it's the chance to blend two of their favorite activities, drinking and traveling, without ever leaving the hotel's front doors.

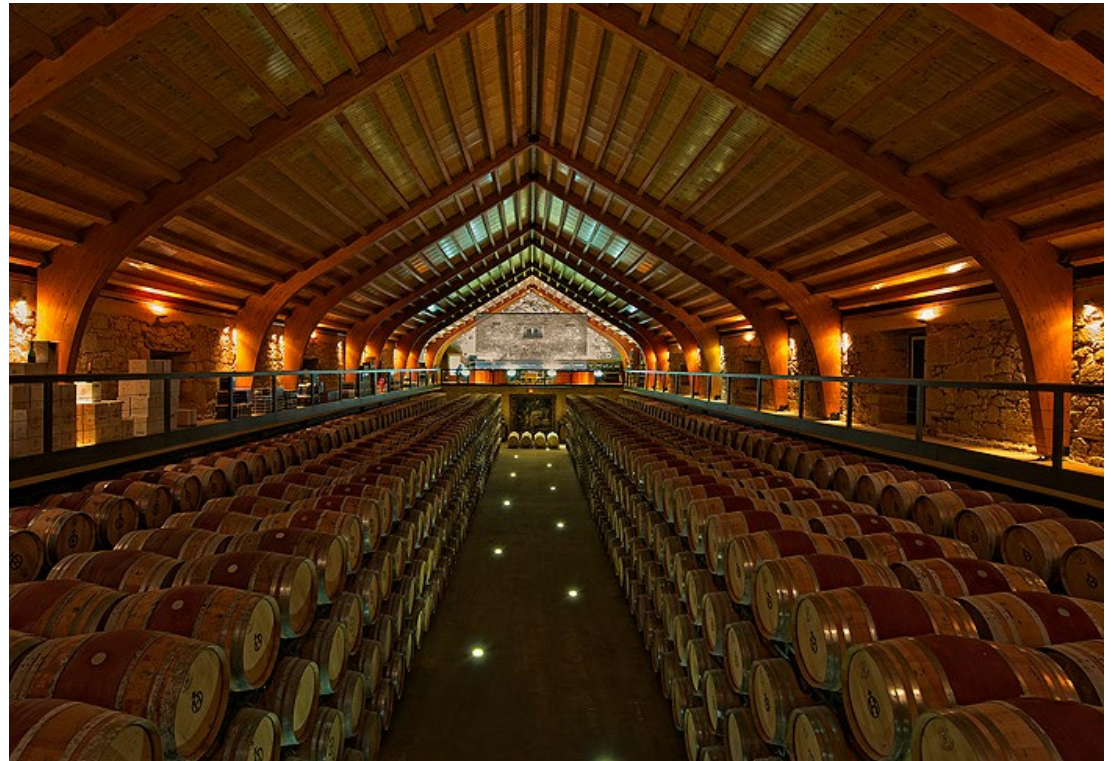


Image source: www.the-haciendas.com

“

WE WANTED TO GET AWAY FROM THE SPANISH IDEA OF SANGRIA, PAELLA AND THE BEACH AND GO DEEPER INTO WHAT'S AUTHENTIC.

**— DUARTE CUNHA, GENERAL MANAGER,
THE HACIENDAS COMPANY & LES ROCHES ALUMNUS**

”

Food and Drink Incubators



A mixologist works on a new creation for Marriott's CANVAS food and drink incubator program.

(image source: www.blogs.marriott.com)

As many hotel owners increasingly realize, creating the right food and beverage experience is all about experimentation. What's in fashion with food lovers today may be out of date by tomorrow, and as a result, hotel businesses are looking for new ways to easily breathe fresh life into their food and drink offerings without investing large sums in new restaurant concepts.

One potential solution comes from Marriott, which is creating a new type of food innovation program for its European operations called CANVAS. CANVAS, Marriott's concept lab for incubating entrepreneurial food and drink ideas, was launched to make use of unused space at hotel properties and build buzz for emerging food concepts with potential millennial hotel customers.

Since the project launched in 2015, the project has completed four successful test projects throughout Europe, including one project in London that returned more than £500,000 of revenue for the hotel's bottom line.

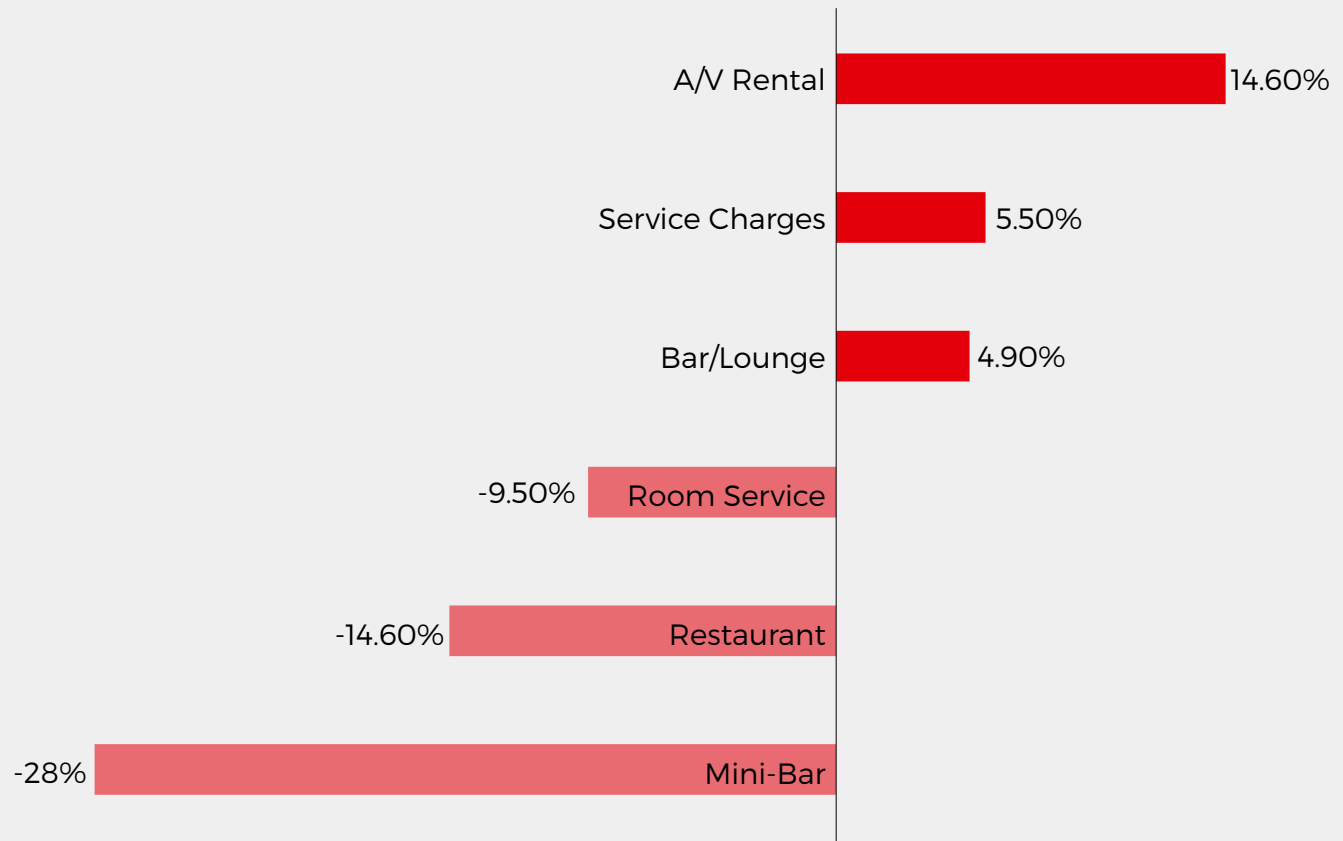
Reimagining the Hotel Minibar

Anyone who's stayed at a hotel in recent years could be forgiven for forgetting about the minibar. Other than high-spending business travelers and black card-wielding luxury travelers, most guests avoid these tiny refrigerators stuffed with outrageously-overpriced \$15 Toblerones and \$20 bottles of water.

Hotel guest sentiment toward the minibar is best reflected in properties' plummeting revenues from minibar sales. One recent study by PKF Hospitality found that hotel minibar revenue had dropped by nearly 30% between 2007 and 2012.

However, there are signs that change is coming to the minibar. Thanks to companies like Bartech, which help hotel owners stock their minibars with locally-sourced food and drink, and new, restructured pricing strategies, the hotel minibar just might be experiencing a "mini" revival.

% Increase / Decrease in Revenue of Hotel Services (2007-2012)



Hotel revenues from mini-bar sales have been on the decline, leading many properties to rethink the entire mini-bar experience.

Key Takeaways for Hospitality Entrepreneurs

- **Look beyond the hotel walls** - while there's plenty of creative brainstorming happening at hotels themselves, some of the best ideas in hospitality today are coming from third parties. Think about how your hotel business can team with local businesses, food vendors and social organizations to rethink the guest experience.
- **Technology starts with mobile** - whether it's new guest messaging applications or new digital tools to control in-room amenities, smartphones are increasingly the focal points for hospitality efforts to increase efficiency, boost guest satisfaction and increase revenue
- **Consider the hospitality supply chain** - Mark Twain once remarked, "When there's a gold rush, it's a good time to be in the pick and shovel business." In other words, entrepreneurs should consider not just consumer demand, but how they might create products and services for the companies entering promising new business fields.
- **Local hospitality is about community** - hospitality businesses interested in becoming more "local" need to think about the opportunity as a long-term investment in their communities. Think about how to form sustainable relationships with local businesses, artists and organizations rather than create trend-driven one-off initiatives.
- **Food and hospitality are symbiotic** - the boundaries between what is a food business and what's a hotel business are getting increasingly blurry. Consider how food could play a larger role in your own hospitality enterprise.

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Executive Letter

As we strive to be and remain at the forefront with our educational model at Les Roches, we have seized the opportunity to embark on digital initiatives to transform the learning process.

The students who are beginning their global hospitality education with us today – known as generation “C,” for being connected, collaborative and creative – want to be engaged in their personalized education. They learn best experientially, through a challenge-based approach. And they are capable of navigating vast digital eco-system platforms to search for the best solutions and individualized learning resources.

Les Roches has been providing experiential learning with hands-on “learning by doing” since its establishment as a hospitality institution over 60 years ago. Now, more than ever, we feel that it is imperative to embrace experiential learning in all subjects and adapt to the new digital waves ahead of both the education and the hospitality sectors.



Hospitality lies at the core of our teaching, stressing soft skills, business acumen and digital savvy. This powerful combination enables our students to adopt an entrepreneurial mindset within a digitally disruptive context and ultimately develop their own hospitality ventures. According to a recent poll, 33% of Les Roches alumni are entrepreneurs.

With the recent launch of our Chicago campus, we are bringing our model of experiential learning to the ground-breaking US hospitality market.

Sonia Tatar
CEO Worldwide
Les Roches Global Hospitality Education

Links and Further Reading

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Carolyn Kremins
President, Skift
ck@skift.com
212-564-5830