Advances in Economics and Business Management (AEBM)
p-ISSN: 2394-1545; e-ISSN: 2394-1553; Volume 2, Issue 15; October-December, 2015, pp. 1507-1509

http://www.krishisanskriti.org/Publication.html

Trends in the Food and Beverage Sector of the Hospitality Industry

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Abstract—*The hospitality sector in Europe represents an integral part of the tourism industry and comprises hotels, restaurants, pubs and clubs, guesthouses and self-catering operations. The largest component within the European hospitality sector is hotels. In addition to hotels, food and beverage operations comprise a significant fraction of the industry. These businesses operate in a highly competitive environment as an outcome of a number of factors. First, there is a downward spiral in the global and domestic economies with a corresponding dwindle in business across the tourism industry. Second, there has been a rise in market demand for, and expectations of, in-house facilities, quality of service and products and value for money, where guests want to experience excellence at all levels of service, which can be readily recognized as good value for money. Third, hotel capacity has increased by 40% in the eight years from 2009. This growth contributed to the progressively more competitive environment and an over capacity in the sector. Food and beverage operations expanded exponentially in the same period with rigorous competition in the sector. Finally, a sharp rise in operational costs has resulted in declining profitability for businesses in addition to the need to manage costs and provide lower prices across the sector.*

1. LITERATURE REVIEW

The purpose of this section of the paper is to examine and evaluate the literature on key trends in the food and beverage sector of the Hospitality industry along with their impact on consumer choice and spending.

Industry executives globally identify health as an important trend in the current climate (Datamonitor, 2007). Consumers are 'acting holistically' in their quest for wellness. Otterbacken and Harrington (2009) suggest that consumers are more health conscious, are taking more self-responsibility for their health and are adopting a broader wellness perspective towards living. In addition, consumers are increasingly responding to allergies and intolerances and are opting for minimally processed products while rejecting products containing perceived harmful ingredients.

In Europe and the US the QSR's have 50% of all food and beverage business (Euromonitor, 2010). However, in the current price sensitive climate the frequency of dining out does not change substantially because of the economy. What does happen is that diners tend to 'trade down' during a recession (Pitta, 2010; Leinward et al., 2008). What customers are demanding is value in all its guises. This includes price, quality, standards, experience, flexibility and the welcome / customer care and service which, incorporates many tangible and intangibles delivered with consistency, quality and creativity (Jones, 2009).

Table 1: Food Service Industry World Wide: Top Ten Trends

Food Service Industry World Wide: Top Ten Trends

1. Quick fix prepared food *e.g. bagged salads*
2. Drive-and Go take out foods
3. Inherently Healthy naturally healthy foods
4. Fancy premium gourmet foods *e.g. fish*
5. Authentic - Farm-Friendly organic & natural
6. Ethical fair trade, companies that "care"
7. Security; no bacteria; no virus; no contamination
8. Layering of Flavors *e.g. spices, oils & vinegars*
9. Grazing healthier snacks *e.g. diet bars*
10. Low; No; and Less; - low calorie & light products

Source: Datamonitor (2012)

This literature review identified significant and diverse trends in consumer behaviour impacting on the food and beverage industry. It is clear from this review that an understanding of the breadth of trends is necessary in order to manage food and beverage operations and that different stakeholders have different needs for information, therefore, it is necessary for operators in the sector to continuously scan trends impacting on their business

2. RESEARCH METHODOLOGY

In order to investigate the trends influencing the food and beverage sector of the hospitality industry, empirical research was carried out with a group of researchers who carried out an in-depth study of the Dundrum Shopping Centre in **Dublin Ireland- Europe.** A focus group interview was carried out with this group of researchers. In addition, an in-depth study of the Dundrum Shopping Centre was carried out by the author. The focus group stage of the research offered the opportunity to investigate a broad overview of the Food and Beverage offerings at Dundrum. The in-depth study by the researcher offered the opportunity to analyse in detail the outcomes of the focus group interview. The objectives of the research were to:

- To investigate key trends impacting on the food and beverage sector of the hospitality industry;
- To analyse trends in food and beverage offering in a case study of Dundrum Shopping Centre
- To identify key themes and drivers for the operators of the food and beverage sector.

3. RESULTS OF THE CASE STUDY OF DUNDRUM SHOPPING CENTRE

A summary of the focus group interviews and the in-depth research study carried out at Dundrum Shopping Centre indicted that recognized brands and brand names predominated in the shopping centre and that there was a recognized presence from international chains and global brands which proved to be very popular. The research also indicated that location and the positioning of the units trading in the shopping centre impacted on footfall both in the food village and in the stand alone units positioning. Casual dining was the main feature of the type of food and beverage offering at the centre. Quality expectations appeared to predominate in terms of food quality, service quality, décor and infrastructure, hygiene, core products, layout and menu design and content.

Table 2: Types and Variety of Cuisine

Types and Variety of Cuisine	
World Cuisine – Frangos	Burger Home Made / award winning
Asian	Brands
Bagels – Healthy	Organic bars
European	American
Traditional	Juice Bars
Mixed Fusion	Coffee Shops
Japanese	Ice Cream kiosks
Italian	Bars
Speciality restaurants	Steak houses
Sandwich Bars	Fast Food Outlets
South African	

Table 2 presents the International cuisines like as Italian, Asian and South African, etc.

4. DISCUSSION AND IMPLICATIONS FOR THE FOOD AND BEVERAGE SECTOR OF THE HOSPITALITY INDUSTRY

The research showed that consumers are more discerning and seek value for money. These consumers are health conscious and are sensitive to price. This would suggest that an ability to recognise trends and react to them will help businesses develop and succeed. These trends influence how consumers act and purchase, therefore, operators need to tailor products and product positioning to meet the needs of these consumer trends. The focus should be on providing credible, healthy, authentic food.

The primary research, identified a number of trends such as international brand recognition, value for money, demographics, value in all its guises, price, meal deals, location, service and 'perceived to be different'. The trends identified reflect the work of Da Browska (2011); Pitta, (2010) Leinwand et al., (2008) and Hartwell and Edwards (2009) who highlighted value for money, quality, local, and artisan as critical attributes and trends influencing consumer behaviour in the sector. According to Jones (2009), what customers are demanding is value in all its guises and this includes price, quality, standards, experience, flexibility, customer care and service which incorporates many tangible and intangibles delivered with consistency, quality and creativity. These trends reflect the findings of the in-depth case study research of Dundrum Shopping Centre.

5. CONCLUSIONS

Dundrum Shopping Centre presents a unique example of a diverse selection of food and beverage outlets under one roof from local artisan brands to internationally recognised brands. The case analysis illustrates the impact of trends on consumer behaviour choice when eating out and sets out the influences these trends have on the choice of outlet visited. Food and beverage operators can use this case study to better understand trends and the impact these trends have on their operations. Recommendations can be considered under a number of key themes which includes innovation, food, price, quality, operations and strategic focus. Under each of these themes there are drivers that influence consumers when dining out. Overall, the consumer will be unforgiving of operators who adversely impact on their dining out experience, especially where the experience may be the only one they can afford in the current economic climate. The food and beverage operator will only have one change to get it right. The following model (figure 1) sets out these key themes and drivers for food and beverage operators.

6. SUMMARY

The Dundrum Shopping Centre represents a unique example of food and beverage offerings, all under one roof. Although a shopping centre, the food and beverage offerings in the centre are used because of their uniqueness in terms of brand recognition and entertainment value and the perception that some of them are ‘different’. The variety and choice of outlets in Dundrum cater for diverse consumer needs and are a strategic fit with current trends in the food and beverage industry. This in-depth analysis of the food and beverage outlets of Dundrum Shopping Centre has generated insights into the diverse range of outlets in the shopping centre and provides lessons for operators of food and beverage outlets and shopping centres’ elsewhere.

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