

ECONOMY & SPENDING

HOTELS, RESTAURANTS TIE THE BRAND KNOT

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Just as food stores and CPG manufacturers shepherd their brands through the economy's highs and lows – and the consumer mood shifts that result – restaurants, hotels and casinos share the same challenge.

The difference is when retailers and CPG 'partner,' there's little if any exclusivity; stores sell competing brands, and manufacturers distribute in many channels. The posturing between them can be contentious and counter-productive.

By contrast, before hotels or casinos commit to bringing a branded restaurant onto their premises, there's lots of pre-planning and alignment to be certain of – in the meaning and relevance of the brands to the markets they serve, in operations, in marketing sophistication, and more. Stakes are high, and choices are deliberate, especially today when consumers demand value (not necessarily low prices, but quality, presentation, image) before they spend.

In the mass retail world, smaller players get muscled every day. But in the world where venue brands say 'yes' to eatery brands they feel could add on-site appeals, they do so when the match seems right on many levels, not because a celebrity chef has star power.

"Venues want restaurant operators that are relevant to their overall branding. People can go to a Ruth's Chris anywhere. 'What kind of steakhouse, coffeehouse or cupcake concept can you bring that enhances us' is the essential question," says Arlene Spiegel, principal, Arlene Spiegel & Associates consultancy in New York City. One example on the table: a Hilton leisure property in Florida that has a mixed condo-hotel format, with Havana Central, a three-unit New York-based Cuban-themed restaurant operator that wants to expand. "The Hilton considers this a 'high-experience' restaurant space. The cuisine and sexiness of the concept make this a potential good match," she notes.

Her extensive checklist reveals the many levels of matching necessary between venues and restaurants. Some of the questions include:

- Is your market made up of business travelers or families? Are you near convention center, industry, or foot traffic? Competitors? ("You need to mine the local area, not just hotel guests," says Spiegel.)
- What do people in the market value? How do they behave? How often do they eat out? ("A restaurant's luxury level, and the pricing of foods and wines, must match the hotel's common areas and room rates," she adds.)
- Is parking ample for transient visitors who aren't hotel guests, but would go to the restaurant and perhaps a show?
- Will the restaurant have to provide food and beverage service to the spa and pool area? Which meals of the day will it need to provide? How about room service, banquets?
- Will the hotel actively market the restaurant on its website/property/local area?

(A follow-up story tomorrow will discuss tips for supermarkets with in-store eateries.)