



#hospitality2.0

me&u

## Hospitality 2.0

21 predictions for the other side

Hi Hospo friends & family,

Over the past few weeks, I have been chatting with a bunch of industry thought leaders (whilst we are all bunkered down) to start to explore “what our great industry may look like on the other side.” There have been some great insights, so I thought I would share these in the hope of shining a ray of hope, during a very difficult time.

**The one thing that is clear is that our great industry will return, but there is a “new normal” awaiting us all – unlike anything we have seen.**

As the industry braces for its toughest challenge in our history, lets continue to remind ourselves:

- a) Hospo will return. It’s an integral part of the Aussie lifestyle.
- b) We are a resilient bunch & will make it through, but it will be tough
- c) The other side will be different. We need to be different also.

**It’s a rare opportunity to rethink & rewrite a better biz model**

Whilst it won’t stop the bleeding and the heartache, the Job Seeker Subsidies and the Rental concessions have at least given us some much needed breathing space & time to consider the “other side.”

As impossible as it may seem at this time, the government support has hopefully given us the opportunity to peer through the fog of uncertainty & start to think how best to set ourselves up for once the crisis has passed and the doors open again (because they will!)

It’s fair to say that the industry was already on its knees – it’s a broken biz model. If there is any positivity to come from this, perhaps the Covid-19 crisis is a rare opportunity for us collectively to rewrite the future of our great industry.

Let’s not just open the doors and return to what we did before. Let’s use this as an opportunity to rewrite our history and create a better biz, a better industry, a better future.

**Hospitality 2.0 (fingers crossed)**

**Stevan Premutico**  
(founder, me&u)



# CONTENTS

**We will need to make some changes to the way we operate, we can't just do what we always did.**

- Contactless dining experiences will be the norm
- Social distancing is here to stay, for a long while
- New “high tech, low touch” restaurant concepts will emerge
- Thank you Pick-Up...but goodbye, for most.
- Delivery will continue to boom!
- Table Service will need to re-adjust
- It will take time to re-start again

**A new type of customer will emerge on the other side. They will be more conscious of hygiene, price and social connection than before.**

- There will be a new found appreciation for social connection
- We will eat out less and spend less when we do
- We will revert to the staples we know
- The health conscious have some catching up to do
- People won't want to touch cash
- We became a tech savvy nation, overnight. Let's ride the wave.
- The rise & rise of the suburban operator
- Tipping is over
- The big spending tourist market won't return for a long while
- When we open our doors again, the customer awaiting us will be different

**A new competitive landscape will emerge**

- Dark Kitchens will cause us great pain
- Everyone will try & squeeze into the mid-market
- Fewer venues, fewer seats, but less competition
- Landlords will need us more than ever

**10 recommendations to prepare for the other side.**

# History is the best predictor of the future, so let's look at what happened post the GFC in 2007.

- It proved to be a “reset” for our industry. Despite Australia being relatively protected from the Global Financial Crisis (GFC), it was still one of the most challenging periods in recent history...but importantly it didn't last forever. Our love for eating out returned and our world leading industry flourished again – but it took years, not months to return to normal.
- The consumer changed. Up & down the consumer ladder, they cut back on spending and spent less when they ate out.
- It forced a rapid change and arguable saw the end of “fine dining” as we knew it. Upmarket restaurants broadened their appeal by dispensing with "starched linen and starchy waiters",
- Communal tables, small shared plates and street-food emerge as top trends as we try to adapt to a new, more price sensitive customer.
- For the first time ever, we see the rate of closures exceeding the rate of openings, but the industry survived.
- Corporate spending came to a massive halt and took years before it returned to its former glory
- Hospitality industry went through a lot of pain, but we battled on and the industry recovered.
- **Those that adapted to the new norm and the new customer continued to survive & thrive.**

*“It's fair to say that our industry was already on its knees – it's a broken biz model. If there is any positivity to come from this, perhaps the Covid-19 crisis is a rare opportunity for us collectively to rewrite the future of our great industry.”*

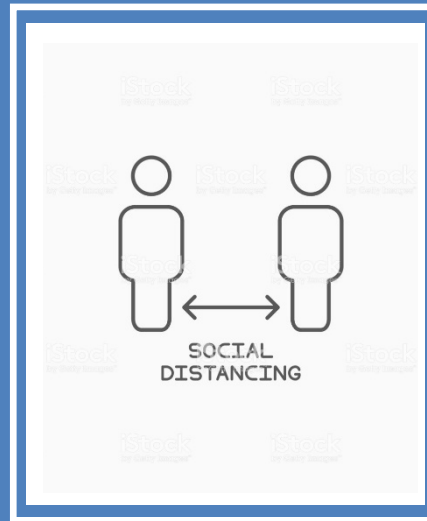






## **Contactless dining experiences will be the norm**

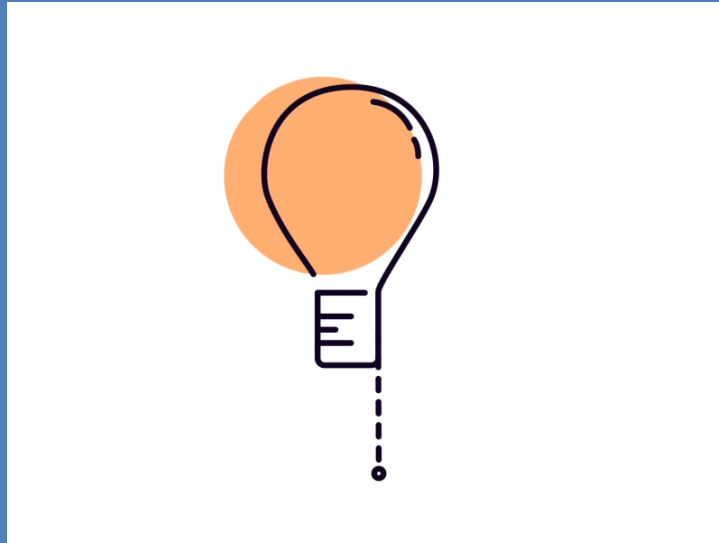
Customers attitudes won't be the same – especially for close contact industries like restaurants. Customers will expect a “contactless” dining experience. We need to rethink printed menus, queue's, payment, cutlery and delivery of food & drink.



## Social distancing is here to stay, for a long while

A shock of this scale will create a shift in the preferences and expectations of our customers. “Social distancing” is here to stay for a long while. We will need to rethink how we space our tables, manage queues and interact at the table. Our customers will be hygiene sensitive and will pick places that are clean and hygiene aware.





## **New “high tech, low touch” restaurant concepts will emerge**

Opportunities to push the envelope of technology adoption will be accelerated by desperation to improve productivity. Businesses that reinvent themselves to make the most of improved productivity, will disproportionately succeed. The result: New restaurant concepts that are low touch & high tech. More efficient & more sustainable.



## **Thank you Pick-Up...but goodbye, for most.**

Takeaway & Pickup proved to be a saviour during lock-down (thank you) but many will give-up after realising that it's a different game, its just not our thing and that we need to be obsessed over the diners in our dining room.

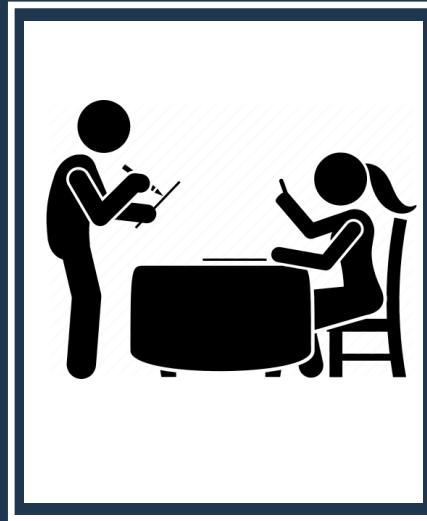


## **Delivery will continue to boom!**

Delivery will continue to boom as customers get hooked on the convenience BUT there will be a “come to Jesus” moment in relation to rates (I hope so anyway.)

*“ For some organisations, near-term survival is the only agenda item. Others are peering through the fog of uncertainty, thinking about how to position themselves once the crisis has passed and things return to normal. The question is, ‘What will normal look like?’ While no one can say how long the crisis will last, what we find on the other side will not look like the normal of recent years.”*

<https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/beyond-coronavirus-the-path-to-the-next-normal?cid=soc-app>



## **Table service will need to readjust**

The crisis will reveal not just vulnerabilities but opportunities to improve the performance of our businesses. Leaders will need to reconsider which costs are truly fixed versus nice to have.

In simple terms, we will need to find ways to do more with less & make some tough decisions regarding the way we operate.

Table service will come under pressure as operators will struggle to justify this level of service – unless they are playing in the premium segment. Staff will be reallocated to areas of higher value including hosting, connecting and more service led roles.



## **It will take time to re-start again**

There has been a massive disruption to our supply & demand at the same time – so it won't be easy just to restart again. We have come to a complete halt and won't be able to just go again when the doors do open. Credit lines have been cut. Suppliers may have fallen. Many workers have returned home. Customers attitudes won't be the same – especially for close contact industries like restaurants





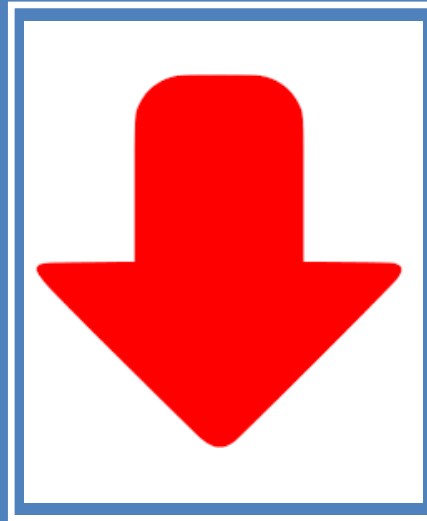


## **There will be a new found appreciation for social connection**

After many months of self isolation, there will be a newfound appreciation for interaction & connection with friends & family around the table. This is our opportunity to shine and allow the magic to begin.

*“If the Spanish Flu (which killed multiple, multiple, multiple times more people than this one will), if that one didn’t kill restaurants, neither will this one. Human beings like to be in contact with each-other”*

How the world could change adtwer the Coron-19 pandemic, Fared Zakaria (TED)



## **We will eat out less and spend less when we do**

Much of the population will experience uncertainty and personal financial stress. Customers will have less disposable income, so we will eat out less frequently & spend less than ever. BUT we will still eat out. Menus need to be adjusted to reflect a more price sensitive customer.



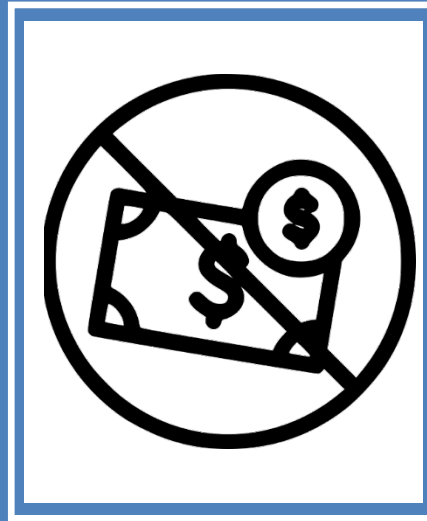
## **We will revert to the staples we know**

History says we revert to our staples during tough times. Less adventurous, more traditional dining.



## **The health conscious have some catching up to do**

After having been locked away for an extended period of time, customers will be more “health conscious” than ever and we will need to cater for that through our menus.



## **People won't want to touch cash**

The move towards a cashless society will accelerate as we avoid handling “dirty” money. Those in the industry hanging on to cash driven businesses will be forced to evolve, fast.

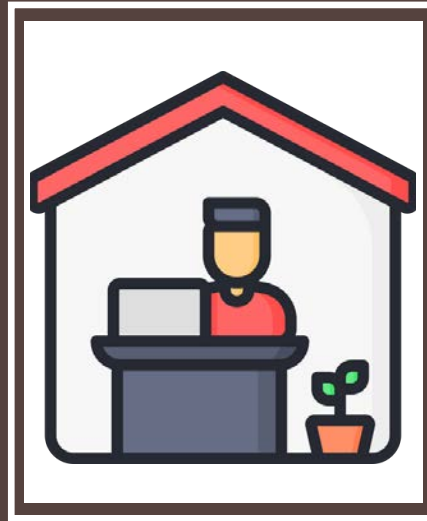


## **We became a tech savvy nation, overnight. Let's ride the wave.**

Covid-19 forced a transformative shift in tech adoption – overnight. What normally would have taken a generation, literally took days. From Zoom, to online banking, to home deliveries, to mygov, to working from home, tech is now the norm for everyone, not just millennials.

We now have a once in a generation opportunity to embrace tech to run our biz and improve efficiencies, without fear of customer push-back. We can choose to embrace it or be left behind.





## **The rise & rise of the suburban operator**

We fell in love with the convenience of working from home (at times of the day that suited us.) This will become much more common on the other side and suburban hospo venues will boom as we realise we don't need to be paying premium CBD rents to get the corporate \$\$.



## **Tipping is over**

This will be the final nail in the coffin of tipping. Customers just won't feel comfortable tapping a third party device to add 10% at the end of a meal.



## **The big spending tourist market won't return for a long while**

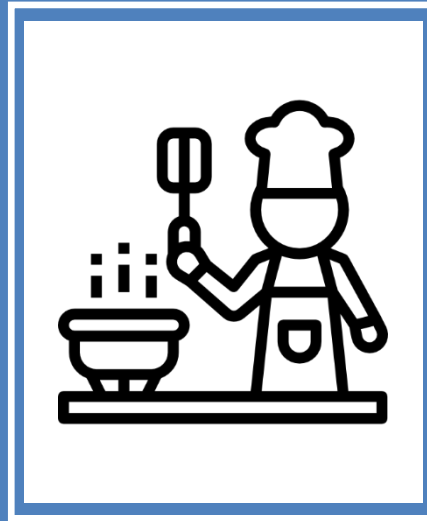
Travel, tourism, accommodation and large scale events will take years to recover. If our biz is reliant on these sectors, lets find new sectors to replace them rather than wait for them to return – which may be quite a few years. Go local.



## When we open our doors again, the customer awaiting us will be different

- Eat out less
- Spend less
- More price sensitive
- More hygiene conscious than ever
- Expect contactless experiences
- Value social connection more than ever
- A new found appreciation for what we do





## Dark Kitchens will cause us great pain

There will be the emergence of our greatest competitor yet – the “dark kitchen” (by Ubereats and Deliveroo) which will mean they can deliver food to customers homes at a fraction of the cost and sometimes just as fast! [More here](#)



## **Everyone will try & squeeze into the mid-market**

Post the GFC in 2008 we saw a huge boom in the “fast casual” sector which centered around value, speed and convenience. Post Covid-19 we will further see an even bigger squeeze in this segment as premium venues open the doors with a more affordable offering.





## **Fewer venues, fewer seats, but less competition**

Unfortunately there will be fewer venues and fewer seats on the other side as predictions are that 25-35% of venues won't re-open. For those that make it there will be less competition.



## **Landlords will need us more than ever**

High vacancies will mean rent will be at an all time low for new players looking to enter the market. If landlord don't come to the table, we will move next door.

# Recommendations on how to prepare for the other side

1. In great periods of crisis there is also great opportunity. Let's not just re-open the doors and do what we have always done. Let's prepare for Hospitality 2.0 – it will be different.
2. The customer will be different on the other side. More price sensitive, more hygiene conscious, more health conscious, more embracing of tech than ever before. Let's be ready for that.
3. New restaurant biz models will emerge for those that embrace change and best satisfy the new needs of the customer on the other side.
4. Pick-up will fade (its not our core) but delivery will continue to boom.
5. It will take time for operators to restart again.
6. Corporate spending and Tourist dollars will be low to non-existent for a while. Let's find other markets to offset this in the short-term.
7. The world has become more tech-savvy overnight. Let's use this as a great opportunity to integrate tech into our business model to improve efficiencies, productivity and profitability.
8. There will be fewer competitors on the other side but we will need to compete with the emergence of our greatest competitor yet in the Dark Kitchens.
9. There will be a big squeeze into the mid market / fast casual space. It will be more important than ever to differentiate.
10. **Whilst there will be lots of change, there is one great constant. Customers will continue to want to break bread with family and grab a beer with mates around a table. The need for social connection will only be greater.**

# me&u

tech for the new economy

**Stevan Premutico**

stevan@meandu.com.au

0410 44 99 55

meandu.com.au

[LinkedIn](#)