

On-Premise Report: Happening Hotels

Understanding this unique on-premise market.

By Liza B. Zimmerman

"**Sexitude**" is what the best hotel bars have, according to **Jean-Pierre Etcheberrigaray**, vice president of food and beverage for the Americas at the 170-property, Atlanta-based **InterContinental Hotels Group** (IHG). What he calls the cross between an amenity and an experience is something he is striving to achieve in every single restaurant or bar venue he opens. InterContinental also operates the **Holiday Inn**, **Crowne Plaza** and **Indigo** hotel properties. The company's swank Champagne bar at its InterContinental Boston property, open since November of 2006, is the summation of sexy.

Not all hotel bars and restaurants are in the running to compete with visionaries like Etcheberrigaray, but many are debuting new concepts and wine lists that are worthy of attention. Once shunned as primarily a tourist's playground, many hotels are now drawing a heavily local crowd and are upscaling their drink offerings in order to cater to them.

**The Hotel Drinks World Can Mirror the World Around It**

Not surprisingly, most wine consumption trends in hotels are similar to those of competing restaurants and bars in the room-free world. In terms of drink trends, at IHG Etcheberrigaray sees an increased interest in New World wines and a trend toward heavy-bodied red wines. Spanish wines have also been strong sellers at his properties as they have been across all sectors of the wine business. He also notes that wines from Chile have been steadily improving although many are bottled with screw caps, which aren't readily embraced by his customers. "There's no

romance to the screw cap, and our industry is all about romance," he said.

The trend, according to Etcheberrigaray, is to drink "bolder, stronger wines." He believes that as Baby Boomers age, their taste buds change, and "they are asking for spicier, stronger tastes." South African wines have benefited from this trend, but California has not, at least at the IHG properties. "California is kind of flat; it may be because of pricing and value."

At **Harrah's Entertainment, Inc.**, based in Las Vegas, **Brian Yost**, vice president of food and beverage, is seeing a growing interest in Pinot Noir, mostly domestic, and Sauvignon Blanc, from the United States as well as New Zealand. Harrah's operates a variety of brands including Caesars, Bally's, Paris, Rio and Horseshoe. He's also noting a greater interest in Spain and Tempranillo. "Customers know more today than ever before about wine and have higher expectations for quality, service and variety." As a result, he sees his customers experimenting with new regions and appellations.

At the **Hyatt Regency McCormick Place** in Chicago, Australian Shiraz and New Zealand Sauvignon Blanc are popular. "Australia is hot, hot, hot," says **George Vizer**, the property's managing director and the former vice president of food and beverage at the company's Chicago headquarters. The

chain has 118 properties in the United States, all of which have bars and restaurants. While Australian wines might seem past their prime and very last year in some cutting-edge hotels on the coasts, the Chicago market is more middle of the road. "People in the Midwest tend to gravitate to more traditional varietals and recognizable labels." He added that Chilean and Argentine wines are also clearly well accepted and that Pinot Grigio "seems to be more popular than it's been in a long time." At his location about a quarter of Vizer's guests are local at the McCormick property while chainwide it's closer to 35 percent.

In Portland, Oregon, at the single-location **Red Star Tavern & Roast House**, part of the San Francisco-based **Kimpton Hotel & Restaurant Group**, local Pinot Noirs are all the rage, according to **Christine Schuman**, assistant manager and beverage director. The company has 38 hotels and 42 restaurants in the United States. She adds that approximately 60 percent or more of her guests are local. "It may sound cliché, but it's got to be expected that when travelers are in Oregon, they will gravitate to Pinot. I'm a big fan of introducing our guests to smaller, more boutique vineyards," said Schuman. She added that "Rosé keeps peeking its nose out, and I surmise...we'll see more and more of that."

"With *Sideways* Pinot Noir has been pretty huge," added **Justin Hart**, event manager at **The Lodge at Sonoma**, part of the Renaissance group of 2,417-property **Marriott International Inc.** The Lodge features 250 wines by the bottle and 30 by the glass on its all-Sonoma list. "Russian River and Sonoma Coast have both been unbelievable," said Hart. While Marriott has a core list, The Lodge at Sonoma is allowed to add additional wines, which allows Hart, running one of the company's few properties in Wine Country, to have an all-California list. He added that the appreciation for local wines isn't just confined to visitors since 50 to 60 percent of his guests are locals who are enjoying Pinot Noirs from their own backyard.

"Finally the American palate is embracing wines [from] outside the country. Chardonnay consumption is declining while wines from Australia, Italy [and] etc. are increasing in popularity," said **John Washko**, corporate director of food and beverage. The **Four Seasons Hotels and Resorts**, based in Toronto, Canada, has 36 properties in the United States. The hotel has 1,200 to 1,500 by the bottle offerings on its list and 22 to 25 by the glass. Seventy to 75 percent of the hotel's guests are local. "Wines with less oak [that are] fruitforward are becoming more popular," such as Viognier and Pinot Blanc, he added.



What Sets Hotel Wine Programs Apart

As many guests, even the majority with some hotels, are staying on property, drinking in hotels can be more relaxing than other venues where people will eventually have to drive home. At IHG, 40 percent of the guests are staying at the property, according to Etcheberrigaray. The atmosphere may also be a little more festive. "There may be more celebration in hotels because there's a sense you can stay there and indulge a little more." The Champagne lounge, which seats 30, at IHG's Boston property was specifically created to satiate that desire.

Romance, for Etcheberrigaray, remains "important because you always have that mattress over your head. We are the only food and beverage people who can combine food, beverage and beds." Sexitude and irreverence may influence hotel wine choices in ways we hadn't previously imagined. Washko added that his customers "tend to be a bit more open [and] to spend and have a greater range in drinking style."

While the positive factors about hotel wine lists abound, they also pose unique limitations. "In general, hotel food and beverage managers' mentality is that they are very cost-conscious, which doesn't leave you much from a choice perspective," said Vizer. Some may choose to serve only seven to nine wines by the glass, as opposed to 15 to 25, "because they are very concerned about how it will impact the bottom line of the beverage department rather than appeal to people." He added that they are often "not looking from a market perspective but a cost-containment one." Hotels that offer small

by-the-glass lists are more likely to be pouring major brands and mainstream wines, he noted. "It all comes back to having a bunker mentality rather than an open-minded approach. Food and beverage directors need to look at the glass half full rather than half empty."

Getting to the Core of It

At IHG, Etcheberrigaray features 45 to 75 wines on most of his lists, depending on the brand and the property. He has a core list of 12 brands, which he considers house wines, which change every two years. He chooses these wines based on "their accessibility in all states. We have to have some product across properties to be consistent." Currently IHG's core list is mostly domestic, with many California wines as well as international brands with ties to United States producers. "We piggyback on that relationship; it's good for everyone." Since the hotel's core list changes every other year, there is always room for new wines if they have enough volume and national distribution. Etcheberrigaray suggests producers go to IHG's corporate office or through a specific property where they do business to be considered for the company's core or individual wine lists.

The Chicago-based **Global Hyatt Corporation** also has a core list of 32 wines. Most properties carry 15 to 20 wines by the glass and 110 by the bottle, according to Hyatt's Vizer. He said the core list is a blend of affordable, good value wines, some of which have "labels clearly recognizable to the consumer." The key to getting on the core list is availability, and "you have to have a certain amount of cases to have the wine available system-wide," said Vizer. "Hyatt sells approximately 150,000 cases a year through our core wine list. Most wineries just don't have that availability."

Another essential point for producers who want to be represented on chain hotel wine lists is having effective national distribution. And that distributor has to be solid, responsible and invested in your product as a producer. "If you don't have a reliable middle man who represents you and makes sure your product is available, you are going to have an issue," said Vizer.

If a producer has availability and national distribution, then the next step for hotel food and beverage directors is to consider if the winery's pricing is cost-effective. "They can't think they are going to get \$20 to \$25 a bottle, or the hotel won't find [their wines] appealing." Most core list wines are going to be in the \$10 to \$15 price bracket per bottle for hotels, he says. Producers who manage to get on a core list also shouldn't lament, according to Vizer, if there's a price they have to pay for it. You can't enjoy the sales benefits of being on the wine lists at 126 hotels and still seem like a hard-to-find wine any longer.

Not all hotels feature core lists. Harrah's doesn't have one at any of its 40 properties, for example, according to Yost. "In the casino world wine is a very small part of sales. We aren't focused on varietals as much as price and distribution." In markets like Joliet, Illinois and Tunica, Mississippi, beer and spirits play a much larger role, according to Yost. So Harrah's drinks program is completely decentralized. "In the absence of a centralized program it's all about understanding the needs of the individual properties."

Moving Volumes in Banquet and Rooms

Wine offerings in the banquet department and room service have always been more limited and have presented special challenges for hotels. At IHG, the banquet department generally serves wine from the company's limited core list. While at Hyatt, Vizer noted "there's no reason that banquet shouldn't have access to a hotel's full list although they have to be mindful of availability." He added that his own banquet department can pour anything from his property's complete wine list.

At The Lodge at Sonoma, Hart also tries to give his banquet department access to the full wine list when possible. Although, sometimes the quantities they need can't be provided by certain producers.

The dynamics of in-room dining are somewhat different than banquet or any of the other venues in the hotel. I have been shocked, when traveling, to see that even wine-savvy properties, like Las Vegas' **Bellagio Hotel and Casino**, which pride themselves on impressive lists in all of their restaurants, may just offer one white and one red on their in-room, by-the-glass list. I spoke to a former wine director about the situation, so hopefully the new one has dealt with it.

Room service wine selections tend to be "more safe and mainstream," said Washko. One of the

biggest problems with wine at room service is "your order takers aren't well versed in wine," said Vizer. That's one of the reasons that although "you may want to have a reasonable cross-section of wines, your wine list needs to be a little more practical." He suggested offering the full range of wine-by-the-glass for in-room service. "If your program is good, it will answer the bell for 95 percent of your needs in-room service."

Some smaller, boutique properties strive to provide their room service guests with extensive wine lists. "We try to design our room service, keeping in mind that the hotel guests deserve the same selection and service as our dining room guests," added Schuman.

What the Future Holds

While many hotels are carving out new ground, some are still playing conservative in a rapidly changing wine market. Hoteliers have learned quite a lot from freestanding restaurants and are also learning to create their own unique sensibilities and selling points.

"There's still room to improve on the wine side in terms of achieving the correct balance of price and value," said Etcheberrigaray. He concluded that "Hotels are a great platform for wine distributors and winemakers to offer their liquid with sexitude."

"Wine is the liquid of passion and life. Hotels are uniquely suited to pair up with wine because of the promise of adventure and lavishness," said Schuman. "I believe all hotels are going to be having their own wine hours, tastings and more in the future. They are the perfect pair." **wbm**

Liza B. Zimmerman is a San Francisco-based wine writer and consultant. She also served as managing editor of Market Watch, associate editor of Supermarket News and associate editor of Wine Enthusiast.
