



HospitalityHotline

Connecting the industry through
Advocacy, Education and Partnerships

January 2020

News from... THE BOARD OF DIRECTORS

Welcome New Members

Active Member
45th Street Taphouse
Allied Members
Johnson Controls
Noovis LLC

Hospitality Sales & Marketing Partners

Members of the HSMP recently met and discussed how to bring group business to OC. Plans are underway to have a familiarization (FAM) tour for convention and association meeting planners. If you would like to be involved in the planning, connect with either Susan Jones or Kim Mueller of Harrison Group.

Room Tax Increase

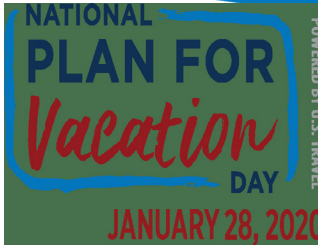
Reminder - effective January 1, 2020, the new Worcester County Room Tax is 5%. This is in addition to the 6% sales tax for a total of 11%.

Minimum Wage Increase

Per MD's minimum wage law, the statewide minimum wage will be \$11/hour effective January 1, 2020. The law also made changes to local youth minimum wage. The tipped wage remains at \$3.63/hr, if tipped employees do not make enough in tip wages to earn at least full applicable minimum wage per hour for the workweek, the employer must make up difference.

45th Annual Trade Expo

SAVE THE DATE - March 8 & 9
Planning is underway for the Association's annual trade expo and this year we have partnered with the Restaurant Association of Maryland to bring an AMAZING keynote speaker! Celebrity speaker Ryan Estis will take the stage on Monday March 9th.



Spread the Word - National Plan for Vacation Day

The US Travel Association is once again launching National Plan for Vacation Day as a way to encourage travel. Through social media messaging and public relations efforts, the idea is to remind everyone not to lose their vacation days. More than half (55%) of American workers report not using all their days off—totaling 768 million unused vacation days, up 9% from 2017. What's more, 236 million of those days were forfeited completely—equaling \$65.5 billion in lost benefits and an individual average of \$571 in donated work time. The majority (83%) of Americans want to use their time off to travel—but they aren't. And that lost opportunity is costing us. If Americans used their days off to travel, the economic opportunity for the industry—and the U.S.—amounts to \$151.5 billion in additional travel spending, creating an additional 2 million American jobs. Help us spread that message by posting through your own social media channels, guest newsletters and email blasts. We will send you the posts in a separate email on January 2nd.

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Welcome back to **Kyle Johnson** who has returned to OC as the new GM at the **Princess Royale**, replacing **Mike Foelber** who will become the Asset Manager. Congrats to **Matt Jones** on becoming GM at the **Princess Bayside**. **Alli Kennedy**, Director of Sales at the **Hyatt** recently got married and is now **Alli Kennedy-Johnson**. Congrats to **The Carousel Group** on the purchase of the **Fenwick Inn**. Welcome to **Monique Jones** who joined the team at **Booking.com** as the OC area manager.

Condolences

Condolences to the **John Dove of KRR Photography**, on the loss of his father.



IT'S LEAP YEAR - Create Your FeBREWary Package/Special Today!

It's that time of year - FeBREWary is Maryland's official month-long celebration of craft beer, and with craft brew events on tap across the state, it's the perfect time to capture some business. Last year, the Shore dominated the State's website with events, hotel packages, and more. This is a Maryland effort, but locally, Shore Craft Beer will promote ALL craft beer related events, activities and packages in OUR region. We are working with Ann Hillyer on this promotion and encourage you to see the value in promoting this region as a craft beer destination. In the last 4 years, the economic impact of craft beer has grown 36% in Maryland!

Please take the time to create an overnight package, create a craft beer food pairing menu item/event, or anything else you can think of! Shore Craft Beer will be promoting "FeBREWary" things during the next several weeks. Additionally, due to the growth of the Love On Tap beer festival, the event will now be held on Leap Day at the Convention Center. Beer bloggers from Thrillist in NYC, DC and Philadelphia have already found an interest in our area and the growth and have signed up to cover the weekend. If you'd like wholesale tickets to pair with hotel or restaurant visits, contact Shore Craft Beer at 410-703-1970 or amh@maryland.com.

This is our opportunity to have coverage in the cold months and to bring craft beer lovers to OCMD. Please send any packages, deals or events you are planning so we can help bring you business!



Attend MD Tourism Day

Each year, the Maryland Tourism Coalition organizes a legislative advocacy event which brings together tourism professionals from all across the State. This year's date is February 14th and we need your participation! This is an opportunity for the industry to meet with their individual legislators and share stories about their businesses and the impact they have on Maryland's economy. A luncheon follows these meetings. Space is limited so register for Tourism Day asap to reserve your space and lunch for just \$20. For complete info, check out www.mdtourism.org.



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REST EASY: Lodging industry trends

By: Rodney Clough, Hotel Online

2020 UNITED STATES HOTEL INDUSTRY OUTLOOK

The U.S. economy continues to hold strong, showing great resiliency. The overall strength in consumer spending and confidence has benefited the U.S. hotel industry, as well, driving gains in hotel demand, although not at quite a high enough level to balance the new supply that opened in 2019. As such, occupancy is forecast to decline slightly in 2019, while ADR gains will keep RevPAR change in the positive column.

Projects that began construction when new supply starts intensified a couple of years ago are now readying to begin welcoming guests in 2020. Demand should continue to grow, but is not expected to keep pace with supply, as was the case in 2019; thus, occupancy will likely continue to drop modestly in 2020. Demand may be further siphoned off by increases in supply in the alternative lodging sector from sources such as Airbnb and VRBO, among others.

With the nation at virtual full employment, it is difficult for companies to realize expansions. This in turn limits hotel demand, as expanding companies drive significant room nights to nearby hotels with relocations, training, and related activities. In many markets, companies have begun to pull back their near-term requirements for room nights, as they move into a maintenance and defensive mode rather than a position of expansion. This change in position also reduces demand from the construction sector, as large-scale projects to support growth at corporate campuses in some markets recede. Pulling off expansions is further complicated by rising construction costs and labor costs within the construction sector itself.

A few additional concerns raised by our consultants include:

- The degree of difficulty for some international travelers to gain access to the USA due to visa restrictions will continue to be a challenge for markets that have historically benefited from significant overseas-based tourist demand.
- Election-year uncertainty will also be a limiting factor for demand growth in 2020.
- The continued launch of new brands and the saturation of brand parent companies in certain submarkets represent growing concerns, as the limited and available brand-loyal customer base is spread among more rooms.
- The concern of a forthcoming recession continues to loom.

Average rate should drive RevPAR growth in most markets where occupancy is flat or slightly declining. In markets where occupancy has already registered a downward trend, ADR may begin to slide as hotels use price discounts to compete for market share. In markets where alternative lodging sources have intensified, achieving ADR increases have been reported to be more of a challenge. On a more positive note, some municipalities have implemented regulations

that should curb the impact of some of this inventory on the hotel sector.

An increase in transactions may ensue in some markets as new supply openings intensify, prompting owners of existing hotels to exit while their trailing-twelve-month statements reflect strong performance. The peak NOI may be behind us in many major markets and may not return until the new supply is absorbed. Rising labor costs and low RevPAR growth are putting significant pressure on NOI. This may shift those markets to a buyer's market if more assets are available for the choosing and sellers are significantly motivated. The outlook in 2021 and beyond starts to perk up in many markets, as new supply additions pull back.

Private equity funds may also intensify their acquisitions, as they have been holding back capital to take advantage of a significant correction that simply isn't materializing. This should boost transactions in 2020, after a lackluster year of sales in 2019. Construction costs keep rising, which makes buying an existing asset a more attractive investment opportunity than building a new one in many markets. Moreover, markets that have high barriers to entry and/or perceived stable and strong demand drivers, such as San Francisco and Charleston, for example, drive more asset appreciation, as well. This in turn attracts buyers to enter these and other similar hotel submarkets.

The strength of the U.S. market, relative to other overseas markets, should also bolster transactions in 2020. Furthermore, various municipalities benefit from favorable tax laws, which continue to make hotel investing an attractive option. On the flip side, a few markets are burdened by high or rising property tax levels, which ultimately limit values and the pace of transactions.

Opportunities to buy older, more dated hotels at a favorable price per key and up-brand them after a major renovation are starting to dwindle in most markets. This may limit the near-term acquisition pace in markets that have experienced many such buys in recent years.

In conclusion, expect a continued slide in nationwide occupancy driven by continued supply additions, which are anticipated to outpace demand growth levels. Demand growth, while still expected, will be constrained by companies pulling back on expansions, reduced international tourism, and election-year uncertainty, among other factors. As a result of these market dynamics, average rates should grow only slightly. The outlook for 2021 turns more favorable in most markets, as the pace of new hotel openings is anticipated to slow by comparison.



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THE DISH: Restaurant industry trends



2020 vision: The Food Trends That will Impact the Industry - by: Mike Kostyo SMARTBRIEF

We've got a big year ahead of us. Like many companies in the food industry, Datassential ends every year with a look at the trends that should be on the industry's radar in the year ahead. We pull ideas from thought leaders across the company and combine them with data from surveys and our databases, plus a little help from Haiku, our machine-learning trend prediction engine.

In 2020, there are some big factors we'll be keeping our eye on that could have major ramifications for the food industry well into the future. For one, it's an election year, which means political issues ranging from tariffs to sustainability and global warming will be in the news. The year ahead will also be a turning point for a demographic shift in the country as Gen Z hits the workforce in a big way, bringing with them new preferences, skills and ideas. Of course, the biggest macroeconomic factor that everyone will be watching is the possibility of a recession and how it could play out in the US and around the world in 2020. There are also smaller factors that will impact what consumers want, from an interest in Japanese cuisine that will inevitably follow the Tokyo Olympics to new technologies set to be released in 2020.

So, taking these factors and more into account, what can we expect in the year ahead and beyond? Here's a small peek at the macro, micro and flavor/dish trends that Datassential thinks should be on your radar:

Digital life IRL: In the past, there were two sets of rules – one for how the online world worked, and another for how the “real” world worked. But in the years ahead, online rules will increasingly become the default rules for many parts of our everyday existence. Personalized menu boards and kiosks will increasingly mimic the browsing experience of YouTube and Netflix, with AI working behind the scenes to seamlessly customize the experience and take into account your surroundings. After a slow start, wearable technology is finally poised to hit the big time, with options like digital eyeglasses, watches and rings from companies like Apple and Amazon set to assist us in every food decision.

Plant-based finds its identity: With so many brands fearful that they'll be left behind and rushing to adopt trends at an ever-faster pace, plant-based meats went from science fiction to the menu at Burger King in record time. After that initial rush, however, expect consumers and companies to grapple with what plant-based really means and how products should be positioned. Are plant-based burgers really healthier? Which categories will be disrupted next? (Look out chicken and seafood.) Meanwhile, companies and categories that are threatened by the growth of plant-based options will push back more aggressively.

What is a restaurant? Ghost kitchens, virtual brands, salad vending machines – are any of these restaurants? If a ghost kitchen is a restaurant, we have the potential to create a near infinite number of restaurants at the drop of a hat – a brick-and-mortar operator could create a virtual brand that only exists for a single lunch block and disappears just as quickly. Starbucks comprises seemingly every type of restaurant format one can imagine under its brand, from delivery-only stores to massive experiential Roastery concepts. New York's Health Department recently struggled with the question of what defines a restaurant before finally deciding to treat Farmer's Fridge salad vending machines as restaurants. In the years ahead, rethink

your idea of what a restaurant can be.

Breakfast, brunch, brinner, blurred: As the breakfast bubble deflates and options like all-day breakfast become the new normal, reinventing breakfast options will be key to keeping the menu fresh and exciting. A number of casual chains have introduced brunch to drive traffic during slower dayparts, while multiple QSRs and c-stores have added brunch burgers. This blurring of the lines is par for the course now – chicken is becoming a new breakfast staple, while burgers, tacos and salads are some of the fastest-growing formats on breakfast menus.

New wave tea: The tea industry has been quietly following in the footsteps of the third wave coffee movement for a number of years, and in the next few it's poised to reach a broader national market as consumers get more savvy about their tea and a growing number of cafes across the country introduce premium, artisan options to the menu. Dedicated tea cafes are also creating an upscale tea experience, with tea baristas who can explain origins and tastings notes, unique equipment to achieve the perfect steep, custom tea blends, and experiential options like matcha ceremonies.

Farms everywhere: While massive greenhouses and hydroponic and aquaponic farms continue to open around the world, there's a different revolution happening on the other end of the spectrum: the rise of micro-farming. Small, automated growing appliances are showing up in hospitals, at colleges, in restaurants and soon at home – imagine a small grow box built into the cabinets right next to the microwave. The company Farmshelf already has units in restaurants and is working on an at-home model, while Kroger announced this year it would add hydroponic farms the size of a freezer case to some stores. These farms not only shrink food mileage down to zero, but they also allow chefs and consumers to grow exactly what they want – a hyper-personalized farm, so to speak.

Flavor & ingredient trends

These are early-stage flavors and ingredients that you should start paying attention to now.

Ajvar: From sriracha to gochujang to ajvar? Pepper-based condiments like this fire-roasted red pepper sauce from the Balkans can quickly trend because of their versatility as a spread or dip.

Karaage: This Japanese frying technique (pronounce it kah-ra-ah-geh) is becoming a trendy prep method for chefs in the US. Try it with chicken for an on-trend chicken sandwich option.

Grains of paradise: Native to West Africa, this intriguingly named spice has a flavor all its own, with notes of black pepper, cardamom and citrus mixed with floral flavors. Try it on seafood, drinks or desserts.

Unripe produce: Chefs are starting to discover and get creative with the unique flavors and textures of unripe produce – think options like unripe mango, green strawberries or unripe avocado.

This is just a small taste of the trends that are on our radar for 2020 – we're also looking at how consumers will define “authentic” foods in the future, what service and hospitality means at a time when consumers increasingly want to be left alone, the evolution of eatertainment, and hyper-regionality in restaurant concepts and menus. However you look at it, the start of a new decade is sure to be momentous.



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DECEMBER DINNER MEETING

[Click here for all the photos!](#)



Thank you for all the donations for NOEL Christmas dinner & TKU to Castle in the Sand Elves for delivering!



Karen Falk of Susan G. Komen with Harrison Groups Sara Simon, Kim Mueller and Melissa Piper



Nick Ryan of Action Elevator with Chad Toms of Whiteford, Taylor & Preston LLP



Kathleen Dillon from the Aloft with Mike & Mary Foelber of the Princess Royale joined by Adela Byrne of Real Hospitality Group



The secret Mr. Claus, otherwise known as the delightful Jim Parkinson from Castle in the Sand!