

THE CONNECTED VISITOR ECONOMY BULLETIN



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THE OPPORTUNITY BEHIND FOOD WASTE

The hospitality sector in Asia Pacific is booming. PATA estimates¹ that by the end of 2022 more than 808 million international visitor arrivals (IVAs) will be received annually across these Asia Pacific destinations, suggesting an average annual growth rate of a little over five percent between 2017 and 2022. Despite market growth, travel operators are facing challenges posed by fierce competition and fickle customers searching for the next trend.

As visitor numbers soar, so does growth in food and beverage. Intensifying competition means operators will need to differentiate their properties in order to remain competitive, writes Michael Taylor in *Asia Hotel and Catering Times*². While some operators have taken to rebranding or securing prime locations, food and beverage is increasingly an opportunity for operators to create a niche.

¹ <https://pata.org/store/publications/asia-pacific-visitor-forecasts-2018-2022/>
² <https://asianhotelandcateringtimes.com/2015/04/china-rising/>



Tourism within China also continues to grow with an 11 percent year-on-year increase in domestic visitor arrivals in 2016, as reported by global real estate consultants Knight Frank³. China's hotel industry is now worth an estimated US\$44 billion and some of the strongest growth has been within the luxury segment. Beijing, Shanghai and Macao now boast more than 93,000 five-star hotel rooms combined.

Research by IPSOS⁴ found that Chinese consumers are increasingly global in their outlook toward food. Consumers are growingly characterised as open and interested in trying new foods. Consumers are also demanding quality and creativity from their chosen brands. A good example of this is the Langham Shanghai, which boasts T'ang Court, China's only restaurant with three Michelin stars.



Inevitably though, growth in the sector and an emerging customers base with an appetite for international flavours will lead to a rise in food waste. According to the Food and Agriculture Organization (FAO, 2011)⁵, the Asia Pacific region is responsible for nearly one-quarter of all food waste globally. Across Asia, 42 percent of fruits and vegetables, and up to 30 percent of grains that are produced every year, are wasted even before they reach consumers' plates.



Food waste is a global problem. A third of all food produced – 1.3 billion tonnes per year, is wasted. This costs the global economy nearly a trillion dollars annually⁶. If food waste was a country, it would be the third largest emitter of greenhouse gases after the USA and China.

³ <http://content.knightfrank.com/research/673/documents/en/greater-china-hotel-report-2017-5156.pdf>

⁴ <https://www.ipsos.com/sites/default/files/2016-06/024.2-Food-beverage-consumer-trends-insights-china.pdf>

⁵ <http://www.fao.org/docrep/014/mb060e/mb060e00.pdf>

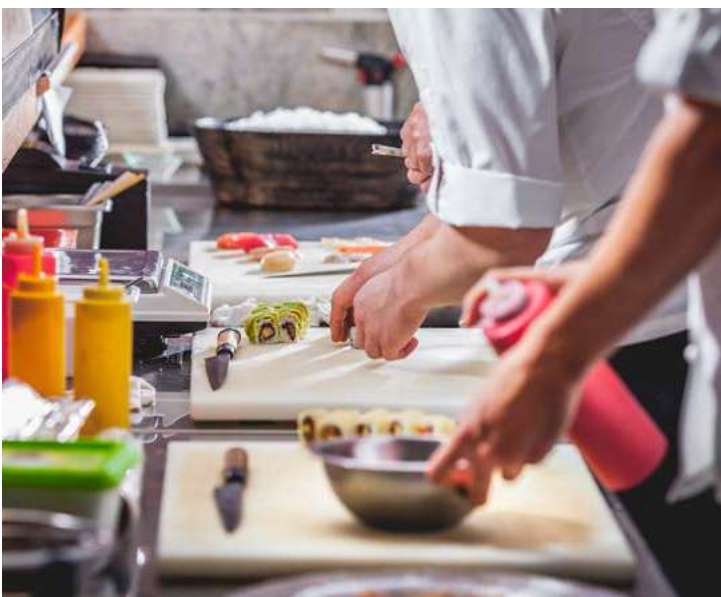
⁶ <http://www.fao.org/save-food/resources/keyfindings/en/>



Food waste increased presence on the global agenda over the last few years as the problem has become better understood. In emerging economies, around US\$310 billion worth of food is wasted. Inefficient supply chains, poor infrastructure and a lack of cold chains mean that much of the food leaving farms never make it to consumers.

Developed countries have addressed this problem through efficient logistics and digitised networks. However, there are still challenges. At the farm level, cosmetic standards and last-minute changes to orders mean that farmers are often forced to waste. At the consumer end, we waste food in our homes and in restaurants. Consequently, developed countries waste more than double of emerging economies.

A global problem requires a global response. UN Sustainable Development Goal 12 seeks to “ensure sustainable consumption and production patterns.” The third target under this goal is to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains by 2030.



There is a common misconception that most food is wasted because customers take too much. Data collected in 2017 from over 700 kitchens⁷ analysed by food waste technology company Winnow shows that in restaurants and hotels where food is prepared in advance, 70 percent of all ‘avoidable’ food waste happens before it gets served to a customer.

Food waste should not be understood as one homogeneous group, but rather a diverse stream of products wasted from different sources and for different reasons. For example, bones and shells wasted from preparing a seafood dish can be seen as ‘unavoidable’ while salmon sashimi thrown away at the end of a buffet brunch is definitely ‘avoidable’. Avoidable food waste tends to be more valuable, both financially and environmentally.

While this challenge might sound like an enormous problem requiring resources to solve, it presents operators with a huge opportunity. As food is wasted before it reaches the customer, the key question is: where should attention to reduce waste and save money be focussed?

⁷ <http://info.winnowsolutions.com/insight-report-food-waste-hospitality-foodservice>



Winnow's found that most food waste happens because of overproduction (typically food prepared but not served and so has to be thrown away at the end of service). This isn't because teams want to waste food. The fact is that in larger kitchens chefs are being asked to make complex forecasting decisions in stressful situations with limited information. It is no wonder that around 80 percent of the food wasted happens as a result of over production.

To get the production right, the opportunity is significant. The World Resource Institute (WRI) recently published a report, in partnership with Champions 12.3, titled '*The Business Case for Reducing Food Loss and Waste*⁸.' The report reveals that there is a compelling business case for hotels to reduce the amount of food they throw away. For every US\$1 hotels invested in programmes such as quantification and periodic monitoring to reduce kitchen food waste, on average they saved US\$7 in operating costs.

The report states that for teams to maximise returns from food waste reduction, it is necessary to build a solid understanding of what food is being wasted, from where, and crucially why. Winnow reported, 'Based on interviews with food waste measurement experts, it is recommended that sites use digital tools to measure their food waste. Manual measurement systems tend to under-report waste and thus may not capture all opportunities to reduce waste.'

In a first-of-its kind analysis for the industry, forty-two hotels were evaluated using financial cost and benefit data. This analysis includes international brands including Sofitel, MGM and others, spanning across 15 countries. The report found that nearly every site realised a positive return on its investment to reduce food waste. Yolanda Kakabadse of World Wildlife Fund US's Board of Directors says, "Reducing food waste within the hospitality sector provides us with a unique opportunity not only to influence an industry, but to raise awareness with travellers globally. It's exciting to see foundations, NGOs, and businesses all coming together to solve this issue and recognise food waste's impact on our planet and biodiversity."

Winnow's proprietary data show that arming chefs with the right tools to measure and track food waste can pay dividends. Kitchens using Winnow typically report a 3-8 percent reduction in food costs.



Across the Asia Pacific region there is a growing community of chefs, hospitality professionals, hotel brands and sustainability experts collaborating to fight food waste. Thailand in particular is fast becoming a hub for innovation with a number of brands embracing technology and taking action. These three case studies from AccorHotels, Marriott and Minor hotels are all examples of businesses leading the way:

⁸ https://champions123.org/wp-content/uploads/2018/07/18_WP_Champions_BusinessCase_Catering_FINAL.pdf



SOFITEL BANGKOK SUKHUMVIT (ACCORHOTELS)

Sofitel Bangkok Sukhumvit is a luxury 5-Star hotel centrally located in the heart of Bangkok's business, shopping and entertainment district. It boasts 345 luxury rooms and suites, events space and a refined catering service. The jewel in the crown is the hotel's signature all day dining venue, "Voilà!". The lunch buffets and dinner buffets offer a popular choice of Asian, French and international cuisines. Waste is a frequent consequence of buffets but the team at Sofitel Bangkok Sukhumvit wanted to minimise this as far as possible. After only a short period, the hotel achieved remarkable results. In less than 6 months, the hotel reduced the value of their food waste by 50 percent. Over a one-year period, this translates to savings of US\$60,000.

Two top tips to accelerate success:

- Review what has been thrown away the previous day in the morning meeting. Make amendments to today's service
- Food waste should not only be handled by the management team; It should be a responsibility for all levels of the business

NOVOTEL PHUKET KAMALA BEACH

Novotel Phuket Kamala Beach is a modern hotel with views over the Andaman Sea, located with direct access to the beach and only 30-minute drive from Phuket International Airport. Novotel is part of AccorHotels, one of the world's most renowned brands and leaders of the sustainability agenda among global hospitality corporations. Accor has set a target to reduce its food waste by 30 percent by 2020. To help address the challenge, Winnow was introduced at Novotel Phuket Kamala Beach in July 2017. From the starting point, the team have reduced food waste by more than 70 percent – saving an estimated US\$53,670 yearly.



Two top tips to accelerate success:

- For hotels that have not looked at food waste in detail before, begin by paying close attention to what is being wasted in the kitchen. Keep an open mind to what you may discover
- Check the hotels booking on a daily basis, and use the number of expected diners to better control production level and avoid overproduction

"Winnow gives me more control over my kitchen by sending daily reports that show which areas have higher waste. Thanks to the Winnow system, I am now constantly re-training the team to make sure we perform the best that we possibly can." said Jirayu Kongjan, Executive Chef of Novotel Phuket Kamala Beach.

ANANTARA SIAM BANGKOK (MINOR)

The Anantara Siam Bangkok is another gem at the heart of Thailand's capital. Within the hotel's Thai architecture lies nine restaurants. The hotel's busy kitchens cook a range of Thai, Japanese and Italian dishes. After installing Winnow's system, progress was made. The Anantara Siam Bangkok cut waste by a staggering 70 percent. Through daily reports tracking food wastage, the kitchen team were able to identify the items they were overproducing and adjust the quantity for the following day. This additional layer of insight helps the Executive Chef and his team to keep an eye on what food is wasted even on the busiest days.

Patrick Both General Manager, Anantara Siam Bangkok said, "Thanks to our engaged team and the measuring solution, we cut food waste by 70 percent after a few months. I hope we can encourage the entire hospitality industry to start thinking about food as a precious resource."



Amid a rapidly growing hospitality industry, Asia Pacific faces the dual challenge of added volumes of customers and a local economy interested in foreign foods. As a region that contributes as much as a quarter to global food waste, this is an area requiring immediate attention.

For business owners in the hospitality industry, the path to follow has been laid. With a range of examples that illustrate the attractive financial return, businesses should have confidence that they can also

replicate such results. As such, food waste should be viewed as an opportunity. The three case studies demonstrate that straightforward insight and common sense practices can cut food waste by as much as 70 percent.

As customers, we can accelerate this transition by asking businesses to state how they are tackling food waste on public social media channels. As a collective base, customers undoubtedly have an important role in driving this change.

Ultimately, an efficient kitchen operation that minimises waste food is within our grasp. It is now up to decision makers in hospitality businesses to provide the necessary tools for catering staff to make the change, and draw us closer to the UN's global goal of halving food waste by 2030.





REDUCE FOOD WASTE

ABOUT THE AUTHOR

Winnow develop digital tools to help chefs run more profitable, sustainable kitchens by cutting food waste in half. Working with hundreds of kitchens in over 30 countries, By arming teams with data to make better planning decisions, waste can be dramatically reduced whilst cutting food costs by 3%-8%. Winnow is a proud member of PATA. Find out more about running a profitable kitchen at winnowsolutions.com.

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