HVS Monday Musings: Transforming Dining Experiences with Artificial Intelligence

📅 *August 27, 2023* / 👤 *By Mandeep S Lamba , Dipti Mohan , Dhwani Gupta*

Artificial Intelligence (AI) is transforming industries across the world and as per a recent **IBM** report, global AI adoption is increasing steadily, reaching 35% in 2022, up four points from the previous year. The food and beverage (F&B) industry is also gradually catching up with this trend. From streamlining processes and assisting with waste management to improving guest experiences, AI is emerging as a key facilitator for the industry's growth. With the addition of Machine Learning (ML) and Big Data, this could become a game-changer for the F&B industry, with endless potential. The global market for AI in the F&B industry is expected to grow from over USD 4 bn in 2022 to nearly USD 28 bn in 2027 at a CAGR of ~44%.

Summary

AI adoption is on the rise globally, including in the F&B industry, where it's streamlining processes, reducing waste, and enhancing guest experiences. Read on to know more.

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Currently, the most widespread application of AI in the F&B industry is the use of chatbots and apps to automate simple tasks such as responding to customer queries, taking reservations, and making online payments. These have become the norm today, even in India, and help reduce employees' time on mundane tasks, while allowing them to focus on more complex ones, a boon for an industry struggling with staffing shortages. Major quick-service restaurant (QSR) chains such as **KFC** and **McDonald's** have introduced touchscreen kiosks in their stores to reduce waiting time at counters. Moreover, companies like **Starbucks**, **Taco Bell**, and McDonald's are also testing automation tools at drive-throughs to take self-service to the next level.

Globally, some of these chains are also using AI and ML to predict demand patterns and adjust menus accordingly, optimizing inventory management and reducing food wastage. This is done by analyzing historical sales data, seasonal trends, and even external factors such as local events, weather patterns, etc. Reports indicate that after deploying **Dynamic Yield**'s personalization technology in the drive-through menus, McDonald's was able to reduce drive-through wait times by 30 seconds. Besides this, companies like Starbucks utilize AI and ML to personalize customer experiences through customized recommendations and offers. Not only that, but several chains are also using generative AI, such as the popular **ChatGPT**, to boost their marketing efforts by reaching

out to the right target market. Generative AI is also being used to create unique and innovative recipes and menus by exploring unconventional flavor combinations and cooking techniques. For instance, the **Axelrad Bar** in Houston recently generated an entire cocktail menu using this tool, while the Sydney-based restaurant, **Rafi**, introduced Luminary, an AI-generated pop-up concept.

In a futuristic twist to dining, some chains such as **Chipotle** and **CaliBurger** have gone a step ahead and are using robots in the cooking process which reduces prep time. **Dominos**, on the other hand, is using bots for pizza delivery. Robot waiters have also made an appearance across the world. **The Yellow House Restaurant** with outlets in Jaipur and Noida and the **Robot Restaurant** in Chennai are some restaurants in India embracing this concept.

AI offers a myriad of applications within the restaurant industry, and while some may appear tailored for large QSR chains, there are several AI-driven solutions that can benefit fine dining establishments, stand-alone restaurants, and smaller chains alike. From optimizing menu offerings, streamlining operations, and reducing food wastage to enhancing customer experiences, AI can facilitate all types of F&B businesses to thrive in today's competitive world. However, it's essential to understand that the integration of AI into restaurant operations does not imply redundancy for the human workforce. While AI excels in tasks such as predictive analysis, operational optimization, and process automation, there are aspects of hospitality and dining that are still distinctively human. For instance, a robot cannot mimic the subtle art of tasting and creating dishes like a human chef, and neither can it replace the warmth and hospitality of the human waitstaff. It's this fusion of technology and human connection that promises to enrich dining experiences going forward.

About Mandeep S Lamba

Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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About Dipti Mohan

Dipti Mohan, Vice President - Research & Corporate Communication with HVS South Asia, is a seasoned knowledge professional with extensive experience in research-based content creation. She has authored several 'point of view' documents such as thought leadership reports, expert opinion articles, white papers, and research reports across industries including hospitality, real estate, infrastructure, cement, and construction. Contact Dipti at .

About Dhwani Gupta

Dhwani Gupta, Associate - Research with HVS South Asia, studied literature for her undergraduate and believes that you can do anything with the right amount of research. After graduating, she pursued a course in Management and Liberal Arts which gave her a wider perspective of the world. As a result, the more difficult a topic is, the more fun she has writing it. Contact Dhwani at