

SHEDDING LIGHT ON THE 'MEAL-SHARING' PLATFORM ECONOMY

Proposals to level the playing field with
the food sector



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Foreword



Dear Reader,

Two and a half years ago, HOTREC released an in-depth report analysing the boom of the short-term accommodation rentals market on peer-to-peer platforms. Now, HOTREC is releasing a new report on a distinct, but quickly growing, segment of the peer-to-peer platform economy: the offer of restaurant-like services by 'home restaurants' on peer-to-peer platforms.

While this market may appear to some to be in its early development stage, its growth is nonetheless remarkable, with thousands of hosts registered on a handful of platforms, ready to offer meals in all major touristic cities in Europe. Like short-term accommodation rentals, this phenomenon is here to stay.

As a major stakeholder representing 1 million restaurants, pubs and cafes offering meals to consumers all over Europe, HOTREC is particularly well-positioned to analyse this new phenomenon, which is often developing outside of the regulated framework applying to food and beverage providers.

Like the short-term accommodation rental sector in the collaborative economy, the home restaurant sector will not deliver a sustainable and responsible model on its own. Public authorities should therefore take their responsibilities seriously to ensure that home restaurants respect the rules on food safety and public health, just as the restaurant and pub sector in Europe does.

We believe this report will help all policymakers and stakeholders involved to grasp the key issues to be tackled to design and enforce a regulatory framework which fosters a responsible and fair 'collaborative' economy in the home restaurant sector.

We would like to express our warmest thanks to our member associations for their contribution and valuable input and we hope you enjoy reading this paper.

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01 Background & Introduction

Food and beverage culture is an integral element of destination experiences worldwide, and in recent years it has occupied a greater share of travellers' time and expenditure. All kinds of traditional ideas, values, practices, processes, techniques and ingredients related to dining experiences have been subject to constant innovation and improvement, and the regulated hospitality industry has played an integral role in this.

Customers (and travellers) are increasingly defining themselves as 'foodies'. This ranges from a unique or adventurous experience to a heightened desire for healthy nutrition and environmentally-friendly practices in the production of the food they eat. Yet for all, dining experiences are very often the key to truly connecting with their destination in an authentic way, through understanding an integral part of its culture, creating meaningful social connections, and enjoying pleasurable moments around the table.

The almost 1 million restaurants, pubs and cafes all over Europe are well aware of what it takes to stay competitive in this new environment. The vast majority of these highly regulated hospitality businesses are micro-enterprises employing less than 10 people, over 300.000 of them having maximum 1 employee. Restaurants employ on

average, including the chains, 5,67 employees. These businesses in Europe are continually required to invest in innovation and enhance various aspects of their offerings in order to meet changing consumer expectations and excel in service quality.

To do so, hospitality businesses in Europe also need to prepare and execute their plans without worrying that some operators will take advantage of grey legal areas and ignore common obligations which are respectfully followed by regulated enterprises.

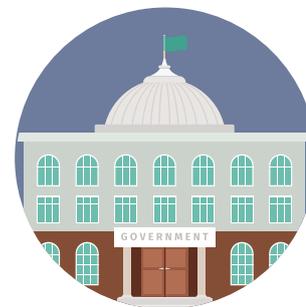
How does the so called 'collaborative' economy fit into this discussion? As well as short-term rentals and ride-sharing, home restaurants comprise another type of 'collaborative' offers which have so far failed to comply with established rules. This has happened either in the absence of explicit regulations or due to the limited awareness of public authorities in specific destinations.

This report has been developed to fill a knowledge gap in this field and explain how 'meal-sharing' and home restaurant practices could contribute to tourism and the wellbeing of destinations in a responsible manner. Such activities need to comply with consumer protection and the terms and rules of fair competition. This policy paper sets out an analysis of the sector, as well as an overview of HOTREC's key concerns with regard to the emergence of home restaurants, and recommendations for ensuring that public safety is safeguarded and all compete on a level playing field.



This report has been developed to explain how 'meal-sharing' and home restaurant practices could contribute to tourism in a responsible manner.

02 Terminology



'Meal-sharing' - A generic term relating to the on-demand supply of food and drink through online platforms that connect home restaurants with consumers seeking food and drink-related activities such as privately-hosted meals or cooking classes.

Platforms - An online marketplace (e.g. Airbnb, Eatwith, WithLocals) through which meals and related food and drink activities are arranged, and the relating financial transactions are processed.

Destination authority - The authority responsible for planning and managing tourism activity in a destination, including the supervision, control, licensing and the management of legislation relating to food and drink preparation and sales.

PEOPLE

Host - An individual or a business who or which supplies food and drink to guests, in their own home or a non-registered venue, with the contact with the guest arranged via an online platform.

Guest - an individual who consumes the food and drink supplied by the host.

LOCATION

Regulated restaurant - Restaurants operating in dedicated premises, with the appropriate licences and/or registered with the competent public authorities and subject to regular official controls relating to the nature of their food and drink preparation and service.

Home restaurant - A private individual's residence that is used to prepare meals for sale and/or host paying guests for a meal or other food-related activity.

ACTIVITIES

Ambassador programme - An individual such as a local entrepreneur or travel agent who acts as a representative to a platform, promoting the platform in a specific location in order to attract hosts and guests to use it. The individual will typically oversee the activities of hosts in his or her area and ensure compliance with the platform's standards of product quality and marketing.

Cooking classes - Informal learning session on food preparation (in this case not in the pursuit of officially-recognised qualifications).

Show cooking - Food preparation performed in front of an audience.

03 Situation Analysis

3.1. Global Trends and Market Conditions Foster Stable Pace of Growth

Within the scope of the ‘collaborative’ economy in travel and tourism, a rather misleading impression of market conditions emerges when comparing the volumes of funding rounds, reservations and transactions made through online platforms involved in ‘meal-sharing’ and the provision of home restaurant services with those of their fellow cousins in short-term rentals and ride-sharing.

Available data on startup valuations and total funding amounts suggests that investment of platforms based on gastronomic experiences (e.g. Eatwith, Withlocals) represents a tiny slice of the valuations of well-known unicorns such as Airbnb (\$29.3B) and Uber (\$68B). Thus, we might be ready to assume that home restaurant operators could not compete with, let alone pose a threat to regulated restaurants even in the absence of clear and comprehensive regulations.

Nevertheless, the reality is different. In-depth knowledge of wider considerations and impacts is necessary, because the growth of ‘meal-sharing’ and home restaurants over the last six years is far from an independent phenomenon.

Firstly, it reflects the implications of the experiential paradigm and the ubiquitous presence of technology across different sectors of tourism. Secondly, it is expected to continue to evolve insofar as food-sharing is a fragmented, yet dynamic sector of the ‘collaborative’ economy. Knowledge of these factors is essential, both as a wake-up call for destination authorities, consumers and hospitality businesses in Europe and as a basis for the introduction and application of relevant regulations.

Food tourists are on the hunt for authentic experiences or value for money, or both...

‘Meal-sharing’ and home restaurants are closely bound to the experiential travel trend due to the rapid expansion of numerous platforms that offer tourists the opportunity to ‘eat like a local’, often at unbeatable costs, in thousands of towns and cities around the globe.

The link between food tourism and immersive experiences is of great interest for destinations, as shown by the high share of visitors’ spending in food and beverages (e.g. 40% of in-destination spending in Barcelona)¹. Besides visiting restaurants and cafes,

food and beverage in tourism is also shaping a brand new culture where visiting food markets and buying local products, learning about local recipes are becoming some of the most popular cultural activities among contemporary travelers².

If home restaurant experiences are part of the same paradigm, then we should expect that the price factor has a critical influence on customer decision-making in a similar way to the case of short-term accommodation rentals (STR) platforms³. This is precisely what reported in 2015 the members of the Italian Federation of Public and Tourist Operators, as 45% of them thought that the price gap between the services provided by home restaurants and regulated enterprises was higher than 20%⁴. The challenge is significant, as restaurants in Europe are currently required to enhance diversity and staff hospitality to reduce the regional gap on value for money competitiveness⁵.

In this context, unfair competition within Europe is the last thing regulated restaurants and cafes need: all destination authorities should be aware of this double trap.



Besides visiting restaurants and cafes, food and beverage in tourism is also shaping a brand new culture where visiting food markets and buying local products, learning about local recipes are becoming some of the most popular cultural activities among contemporary travelers

The digital revolution is shaping every aspect of the dining experience

Technology aims at making our lives simpler: to search for restaurants, read reviews, make reservations, use payment technology, etc.

The same goes for communications and marketing in the food service industry. If almost 4 in 5 US restaurateurs are investing their marketing budget in social media, it is because they realize that preferences vary significantly among different target groups⁶. In Europe, HOTREC is helping tourism professionals to catch up with these changing trends through various projects aimed at enhancing education and spreading innovative ideas in the hospitality industry⁷.

In the case of home restaurants, the platforms in question have managed to plant a familiar notion - food and conviviality - in something unfamiliar - a stranger's house - by using new technologies. They have also been effective in using global tools to enhance interaction between service providers and users at local levels, resulting in new affordable options for consumers⁸. Restaurants and cafes in Europe can learn from these practices to improve their offers as long as they feel secure that they are competing on a level playing field with these new providers.



HOTREC is helping tourism professionals through various projects aimed at enhancing education and spreading innovative ideas in the hospitality industry

FACTSHEET ON INNOVATION
NOVEMBER 2017



EMBRACING INNOVATION: What makes the hospitality industry tech-savvy and innovative?

→ A pioneer in digitalisation

Hospitality businesses have been at the forefront of the digital revolution, as they were the first enterprises to embrace digitalisation through the massive developments of online booking facilities integrated in hotel websites, and directly connected to their Property Management Systems. Moreover, more and more restaurants have their own websites, and/or Facebook pages and are increasingly connected to online booking sites and technologies.

Charting the territory of home - restaurants

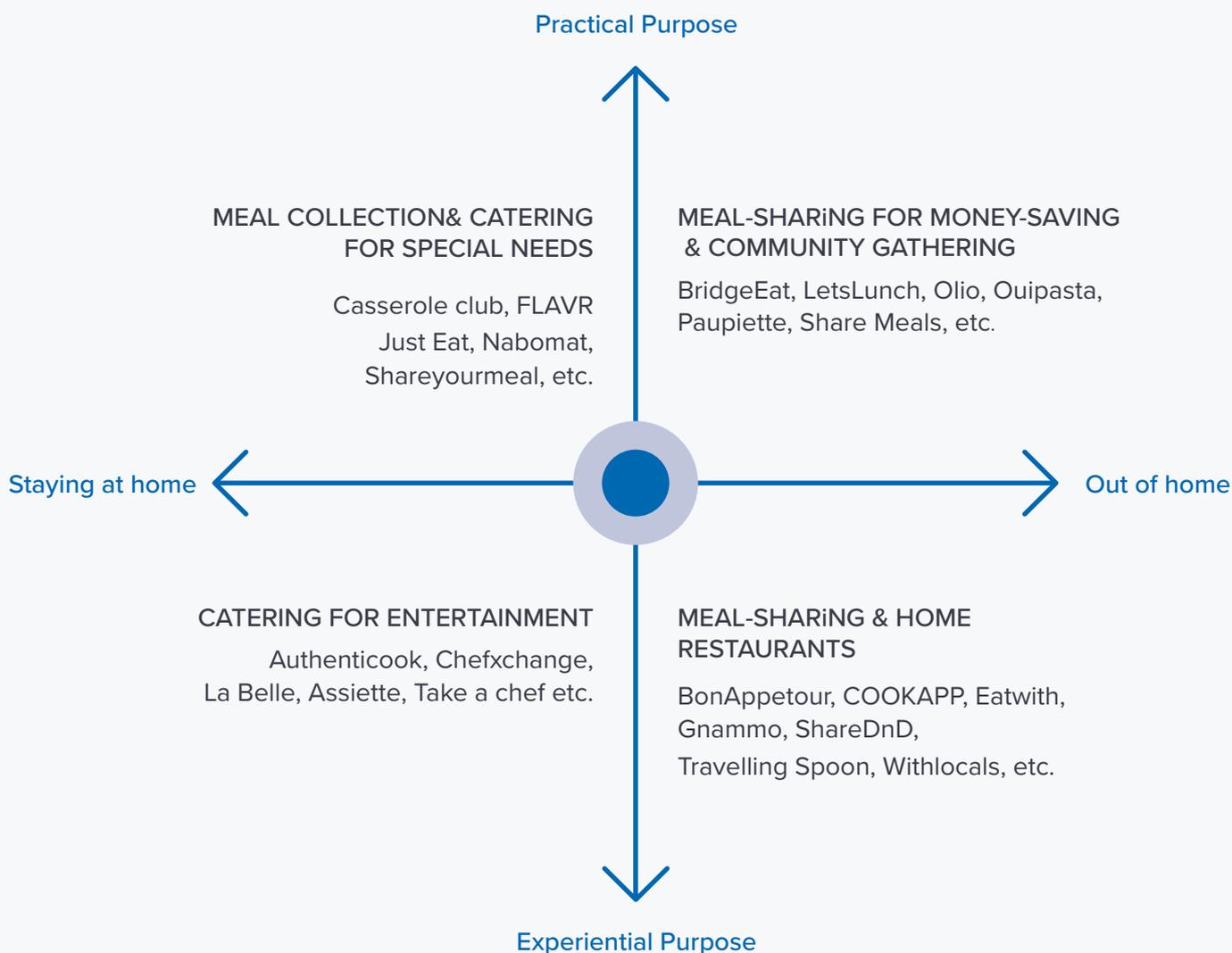
There are several different ways to classify home restaurant platforms next to a myriad of other initiatives that enable ‘meal-sharing’ along with practices such as food waste management, food swaps and social networking. Alternatively, monetary exchange classifications are helpful to discern which platforms focus on facilitating for-profit practices and which focus on facilitating practices with non-profit motives⁹.

In June 2017, the Ecole Hoteliere Lausanne and Swiss Food Services analysed the most novel concepts of gastronomy based on the perceptions of Swiss consumers. A key output was a distinction of ‘collaborative’ economy practices (based on peer-to-peer transactions, generating small-scale financial benefits

and with a strong community character) versus meal delivery and catering services, which are thought to fall under the umbrella of Uber’s business model (with a focus on growth and profits through unequal relationships between the platforms and the service providers)¹⁰.

HOTREC and its Member Associations consider that a clear understanding of the fundamental differences between the types of ‘meal-sharing’ practices is necessary for all those who are involved in policy making and implementation.

MAPPING ONLINE PLATFORMS IN THE WORLD OF P2P DINING (TOPOSOPHY RESEARCH, 2018)



NB: please note that this document is focusing on home restaurant activity and excludes from its scope food delivery services.

HOW THEY WORK:

Collection platforms work via customers ordering food using an app. Platforms allow customers to order home-cooked meals by hobby chefs in a neighborhood. Customers pick up their meals from the hobby chef's house, after checking the scheduled menus and placing an online order. Last but not least, there are a few cases of platforms which provide meal delivery and private dining services for seniors and other groups who aren't always able to cook for themselves.

MAIN FEATURES:

- Meal collection
- Family eating at home
- Affordable options
- Home-cooked meals
- Friendships & social connections around food
- Social benefit of supporting those that cannot cook for themselves

PLATFORM EXAMPLES:

FLAVR:

- Founded in 2016 in Belgium
- Area of operation: Belgium
- €500K total funding amount (source: www.startupdelta.org)
- € 2m - € 3m firm valuation (source: www.startupdelta.org)
- 13.3K+ Facebook followers
- Hygiene coaching for the platform's chefs
- Mobile app

Menu Next Door:

- Founded in 2015 in Belgium
- Area of operation: Brussels, Paris, London
- 900 registered hosts
- €1.8M total funding amount (source: www.startupdelta.org)
- €7M - €11M firm valuation (source: www.startupdelta.org)
- 23K+ Facebook followers
- 12.1K+ Instagram followers
- Catering for professional events
- Private chef dining
- Operation terminated in March 2018

Shareyourmeal:

- Founded in 2012 in The Netherlands
- Area of operation: 50+ countries worldwide
- 10K+ registered hosts only in The Netherlands
- 35K+ Facebook followers worldwide
- Toolkit for home cooks and professionals
- Private chef dining



Staying at home / experiential purpose

HOW THEY WORK:

Private chef dining platforms work with a community of chefs who wish to get profile exposure and attract more business. Chefs receive bookings based on their online menus and calendar. Next they take care of every single detail, from buying necessary ingredients and cooking at the customer's kitchen to serving each dish and cleaning up before leaving.

MAIN FEATURES:

- Full entertainment
- Special occasions
- Michelin chefs
- Any cuisine, any taste
- All inclusive, no hidden costs

PLATFORM EXAMPLES:

| La Belle Assiette

- Founded in 2012 in the UK
- Area of operation: 64 cities in 5 countries
- 750+ registered local chefs
- €4.3M total funding amount (source: www.crunchbase.org)
- €5m - €8m firm valuation (source: www.startupdelta.org)
- 5K+ Facebook followers
- 16.4+ Instagram followers
- Corporate events and concierge
- Gift vouchers

Out of home / practical purpose

HOW THEY WORK:

'Meal-sharing' platforms connect neighbours and/or home-restaurants with guests. Creating social benefits for different groups of users are the common denominator of these platforms according to the purpose they serve. Meal requests and bookings take place online.

MAIN FEATURES:

- Friendships & social connections around food
- Cool experiences
- Ending hunger
- Food waste solutions

PLATFORM EXAMPLES:

| Paupiette

- Founded in 2015 in France
- Area of operation: 3 cities in France
- 3.7K+ Facebook followers
- Hygiene coaching for the platform's chefs
- Mobile app
- Senior cook for students
- Meal cost: €4 - €7
- Gift vouchers

HOW THEY WORK:

'Meal sharing' platforms connect travellers with local hosts. Potential guests explore a variety of menus and proposed dining experiences suggested by local hosts, before they make their meal bookings and visit the host. The business model of these platforms relies on a service fee - usually around 15%-20% - which is a share of the dining experience fee that the guests pay to the host. To face growing competition and diversify their offerings these platforms regularly add new services and experiences, extend the range of destinations in their portfolio, and expand their fan base in social media (e.g. Facebook, Twitter, Instagram, Pinteest, Google +).

MAIN FEATURES:

- Friendships & social connections around food
- Authentic & unique experiences
- Every type of cuisine
- Pop-up events
- Cooking classes
- Special diets
- Dinner parties
- Beverage trails and tastings
- Rally experiences

PLATFORM EXAMPLES:

A DEDICATED ANALYSIS FOLLOWS IN SECTION 3.3



3.2. Market Developments in ‘Meal-Sharing’ and Home Restaurants

Understanding the position of home restaurants within the wide spectrum of customer dining experiences is above all about understanding interrelationships. The ongoing growth of relevant platforms and the reputation home restaurant experiences have gained recently is to a certain extent a consequence of developments occurred in the sectors of short-term rentals and ride-sharing. As another sector of the ‘collaborative’ economy with a direct impact on travel and tourism, home restaurants demonstrate faster or slower trajectories of growth among countries and destinations based on the local and international stories of different platforms.

The following overview of key events and developments over the last 2 years sheds light on these interrelationships and the recent initiatives of key players.

Moving into the dining space: food tourism and the ever-expanding list of Airbnb’s ambitions

- In July 2017, Airbnb revealed a wide agenda by identifying cooking experiences as one of the most dynamic on-demand experiences of Airbnb Trips¹¹.
- To boost this segment, Airbnb rolled out in December 2017 a series of YouTube videos featuring the personal stories of selected hosts and a series of “Holiday Recipes from Around the World”¹².
- It has also begun to provide guidelines for compliance with local regulations to cooks who are involved in foodie experiences in major destinations such as Amsterdam¹³.

Home restaurant platforms: monitoring a potential giant in its infancy

- With an estimated valuation above €30 million, the new Eatwith is currently the most potent brand among home restaurant platforms.
- After purchasing Cookening, the original EatWith and Grub Club over the last 3 years, VizEat finally rebranded as Eatwith early in 2018 14.
 - a. The global plans of VizEat got a boost in October 2017 through prestigious partnerships with Virtuoso¹⁵ and Huawei. In the latter case, the partnership has allowed Huawei smartphone users in China and Europe to download the platform’s app in a variety of languages, including Mandarin¹⁶.

- b. The acquisition of EatWith in September 2017 included a deal for the entire entity (website and past activity) and there is no evidence that it could cause conflict on EatWith earlier partnerships with travel companies such as The Travel Corporation¹⁷.
- c. Furthermore, the acquisition of Grub Club in January 2018 is expected to enrich the portfolio of Eatwith with culinary experiences in pop-up events and supper-clubs¹⁸.
- d. As a consequence of recent development, the new Eatwith claims now 20 thousand hosts. These hosts provide 150 thousand guests with 5,000 foodie experiences on a daily basis among more than 130 countries¹⁹.
- e. Eatwith also provides all hosts and guests with a £5 million guarantee, which is suggested to cover all cases where liability is called into question²⁰.

Home restaurant platforms: a sector in constant evolution

- Withlocals managed in October 2017 to raise €3.5 million in Series A funding led by Inkef Capital. This is expected to boost the plans of the platform to expand in 2018 into 40 more cities including New York, Florence, and Hong Kong²¹.
- Gnammo in Italy, launched in May 2017 ‘Young Chefs Grow’ in collaboration with a Professional Institute from Turin. The project aimed at helping the advanced students gain valuable experience and develop practical skills while cooking for the users of Gnammo in a series of public events²².
- In October 2017, the Dutch platform Airdnd rebranded to ShareDnD so as to avoid a legal dispute with Airbnb²³. Earlier on, the platform had also attracted strong criticism from Koninklijke Horeca Nederland for organizing and facilitating illegal practices during Amsterdam Restaurant Week²⁴.

3.3. Home Restaurants: A Global Market with Different Scales of Operation

The overall framework of ‘meal-sharing’ activities and a dedicated overview of 23 platforms which are offering home restaurant experiences in Europe have shown how varied a global market can be as part of the ‘collaborative’ economy.

Such an overview is based on the comparative analysis of factors including the spread of operation among countries and destinations, the volume of platform users, financial valuation, social media fan base and different services among these platform. Based on this, broadly speaking the international market for ‘meal-sharing’ and home restaurant experiences is comprised of four groups of online platforms:

Consolidations/Mergers: A broad range of platforms which terminated or modified the scope of their operation from 2015 to 2018 (BookaLocal, Cookisto, Grub with Us, Josephine, Kitchit, Kitchen Surfing, People Cooks, Spoon Rocket, Sprig, etc.). Some of these platforms are actually still part of the home-restaurant market, since they merged with or were acquired by other platforms. As mentioned previously, the most well known examples are those of Cookening, EatWith and Grub Club which were acquired by VizEat within the last 3 years, before it rebranded to a revised Eatwith early in 2018. In a different case, the founders of Cookisto in Greece decided in 2016 to move from home restaurant experiences to meal delivery services by launching Forky .

Local Trailblazers: Country-based platforms which usually operate in a small number of cities and introduce new elements in order to differentiate themselves from international competitors. In Lausanne, Switzerland, Surfing Dinner organizes rally dining experiences where the platform’s users become both hosts and guests for one day and eat at three different places while socializing with more than ten people. All similar platforms (Ceneromane, Cookeat, Foodoo, Gustoo) have a small fan base in social media (lower than 1,500 followers), yet they clarify that their gastronomic experiences are properly accessible to local residents and tourists.

Regional Trendsetters: An extended group of platforms which operate across a whole country (Feastly, Gnammo, Le Cesarine, ShareDnD) and among a small number of countries (Chefly, Chef One) or selected international cities (Dine Away, Dinneer, Eat Away, Voulez Vous Diner). Regularly these platforms have a similarly extended fan base in social media (5,000-15,000 followers) excluding the notable cases of Gnammo Le Cesarine

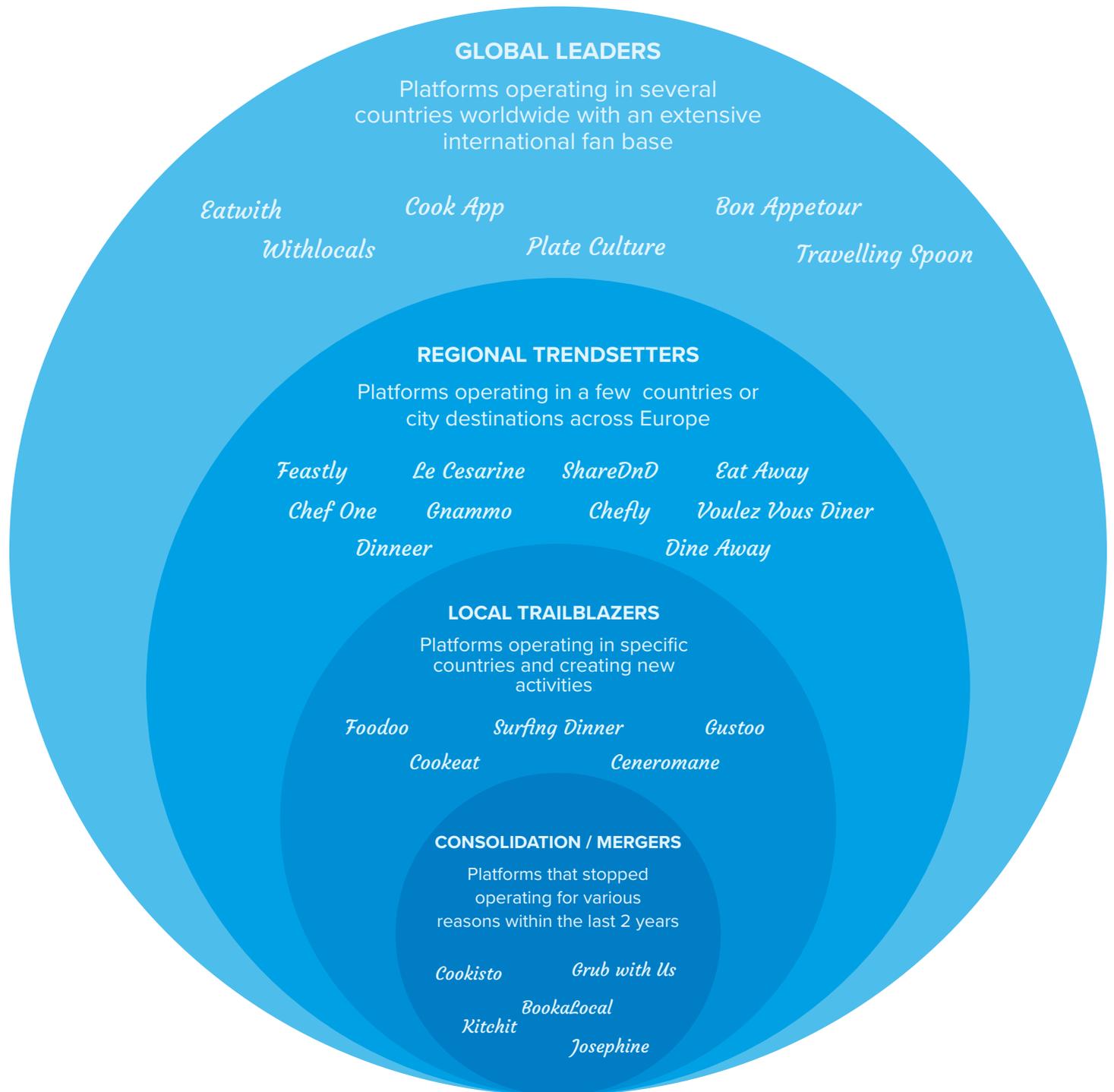
and Feastly with 116, 47 and 37.6 thousand Facebook followers respectively. What further distinguishes these platforms from regional trendsetters is the variety of website features such as a chef ranking system in Gnammo and dietary restrictions on meal selection in Feastly.

Global Leaders: All platforms in this group (Bon Appetour, Cook App, Eatwith, Plate Culture, Travelling Spoon, Withlocals) operate across a minimum of 25 cities or countries worldwide, while 3 in 7 have more than 100 thousand Facebook followers (Cook App, Eatwith, Withlocals) and at least 4 in 7 have a valuation or total funding amount of no less than €2 million (Bon Appetour, Eatwith, Plate Culture, Withlocals). Despite a rather smaller social media fan base, MealSharing.com is also part of this group as one of the oldest ‘meal-sharing’ platforms with hosts in more than 150 countries worldwide.



All platforms in the group of Global Leaders operate across a minimum of 25 cities or countries worldwide. 3 platforms have more than 100 thousand Facebook followers.

MAPPING THE SIZE AND SCALE OF ONLINE PLATFORMS IN THE HOME RESTAURANT SPACE (TOPOSOPHY RESEARCH, 2018)



OVERVIEW OF 'MEAL - SHARING' PLATFORMS

Platform	Launch Year	Country of Origin	Countries/ Cities of Operation	Registered Hosts	Firm Valuation / TFA	Social Media Fan Base (FB/INS)	Special Features
Bonappetour	2013	Singapore	80 cities worldwide – strong presence in Italy & France	15,000+	€2.8M / €500k	13.3K / 1.8K	Food tours, beverage trails, cooking classes, outdoor food experiences etc.
Ceneromane	2012	Italy	Rome	n.a.	n.a.	2.3K / 30	Cooking classes, wine tastings
Chefly	2015	Spain	Spain, UK, Colombia	120+	n.a.	416 / 125	High rate of customer recurrence (78%)
Chef One	2016	Germany	Germany, Austria, Switzerland-coo	500	n.a.	4.4K / 9.3K	Cookbook with recipes, Charity events
Cookeat	2013	US	30 cities worldwide	n.a.	n.a.	142K / 4.4K	Outdoor events and activities
Cook App	2013	Finland	Helsinki, Amsterdam, Berlin, London	n.a.	n.a.	132 / 141	Michelin chef event, cooking classes
DineAway	2016	Finland	Helsinki, Amsterdam, Berlin, London	n.a.	n.a.	132 / 141	Michelin chef event, cooking classes
Dinneer	2015	Brazil	400+ cities in 49 countries worldwide	n.a.	\$1.7M+	15.8K / 12.8K	Outdoor & thematic experiences, special diets
Eat Away	2016	Poland	40+cities in Europe	n.a.	n.a.	13K / 1.2K	Video experiences section
Eatwith	2016	France	130+ countries 6 German cities	25,000 +	€32M - €48M / 7.3M	218K / 24.7K	VizEat + EatWith + Grub Club
Feastly	2013	US	75 US cities	n.a.	n.a / \$3M	37.6K / 14.2K	Dietary restrictions on meal selection
Foodoo	2014	Germany	6 German cities	n.a.	n.a	1.2 K / n.a	Cooking lessons, Dating dinners

OVERVIEW OF 'MEAL - SHARING' PLATFORMS

Platform	Launch Year	Country of Origin	Countries/ Cities of Operation	Registered Hosts	Firm Valuation / TFA	Social Media Fan Base (FB/INS)	Special Features
Gnammo	2013	Italy	Italy	8,000	n.a	116K / 2569	Chef ranking system
Gustoo	2017	Spain	Barcelona	n.a	n.a	400 / n.a	Healthy nutrition dinners
Le Cesarine	2004	Italy	90+ cities	200	n.a.	47K / 4.9K	Cooking classes, catering and show cooking
Margrit	2016	Switzerland	Switzerland	150+	2K / 173	416 / 125	Recipes for vegetarian/vegan foodies
Meal Sharing	2012	US	150+ countries worldwide	n.a	n.a	11.8K / 3260	Breakfast - Brunch meals
Plate Culture	2013	Lithuania	31 countries worldwide	n.a	€2M / €800K	68K / 16.5K	Weekend highlights per city
ShereDND	2015	The Netherlands	30+ Dutch cities	2.500+	n.a	4.3K / 416	Restaurant week, Bring your own wine in dinner
Surfing Dinner	2014	Switzerland	Switzerland	n.a	n.a	1.5K / 309	Dinner rally experiences
Taste Please	2017	Denmark	Several countries worldwide	n.a	n.a	7.6K / 3K	Outdoor activities, cocktail parties and tastings
Travelling Spoon	2013	US	38 Countries	n.a	€3M - €5M / 800K	20K / 3K	Ambassador program, market tours
Voulez Vous Diner	2010	France	Several cities	7,000+	n.a	19K / n.a	Ambassador program, dinner with artists, business meals in Paris
With Locals	2013	The Netherlands	50+ cities in 26 countries	1200 (not only chefs)	\$17M - \$25M / \$7.5M	159K / 4.1K	Private food tours

3.4. Policy Developments in European Countries

Home restaurants have provided consumers with an alternative series of options on dining experiences, but have also drawn the attention of destination authorities in specific countries - especially where hospitality associations have raised their voice on various concerns. The current section examines some of these examples and sets forth a starting point for the systematic monitoring of policy developments and home restaurant regulations by HOTREC and its Member Associations.

Italy

A legislative proposal was made by the Parliament in January 2017 which has lapsed because it was not finally approved by both Chambers. Even if it was weak, the Proposal of the Parliament n.3258 represented a good starting point for future regulation of the sector. According to Fipe (Federazione Italiana Pubblici Esercizi) the previous draft of the Parliament Proposal n.3258 gave the chance to regulate some relevant aspects such as:

- the provision of the maximum requirements of the activity (500 guests and €5.000 per year);
- the provision of the moral requirement of the cooks;
- the processing of money transaction via online electronic systems exclusively;
- the provision of two Ministerial Order to regulate health and safety and security regulation and avoid alcoholism.

Some aspects need further improvement, such as the implementation of controls or the provision of Certified Start of Activity Report (SCIA). On Tuesday 18th of April 2018 the Italian Parliament announced the presentation of a new Proposal regarding the home restaurant phenomenon. FIPE will continue to monitoring and to contribute to the realization of a proper regulation.

The Netherlands

Here there is a good example of how a hospitality association (Koninklijke Horeca Nederland, KHN) can take initiatives so as to prompt policy discussions and contribute to knowledge-building with regard to the 'collaborative' economy and home restaurants.

- In 2017, KHN communicated the industry's concerns for hygiene and safety conditions on various occasions including the organization of Airdnd (then ShareDnD) Restaurant Week²⁶.
- For KHN, compulsory registration of home cooks is the stepping stone for facilitating the introduction and enforcement of regulations on home restaurants²⁷.
- In a report published in May 2017, the Rathenau Institut revisited the concerns of all stakeholders involved in policy discussions including KHN. The report also highlighted the reluctance of Airdnd to share data of hosts with destination

authorities due to privacy issues. For the Rathenau Institut, that is another key obstacle for law enforcement. All possible solutions (e.g. the involvement of an independent third party) should be subject to assessment by Dutch authorities²⁸.

- Further to this report, the Ministry of Economy stated that all online platforms should assume responsibility for safeguarding relevant public interests and preclude a series of agreements between platforms such as Airdnd and the Dutch Food and Consumer Product Safety Authority²⁹.
- Since then KHN has continued to inform relevant institutions and politicians including the House of Representatives³⁰ and the State Secretary for Economic Affairs on the matter of 'collaborative' economy practices such as home restaurants.
- It also published in January 2018 an opinion paper for both short-term rentals and home restaurants including policy recommendations (e.g. compulsory host registration, obligation for platforms to share data with state authorities, use of thresholds, etc.)³².

France

In November 2017, the Ministry of Economy had the chance to clarify which regulations apply in the case of home restaurants³³.

- 'Collaborative' economy practices of this kind do not differ from licensed establishments that provide food and beverage, because remuneration is given to the home cook in return for a service.
- Remuneration is another reason why the income earned by home cooks is taxable, when their meals are provided to individuals with whom they have been connected through online platforms.

Germany and Spain

- These are 2 countries where hospitality associations including FEHR³⁴ and DEHOGA³⁵ have put forward their explicit views on home restaurants. In both cases, the key message is that over-burdened restaurants and cafes with regulatory requirements face an unprecedented challenge, when public authorities fail to control online platforms and service providers and thus missing the target of a level-playing field.

04 Home Restaurants: Key Policy Considerations

The rapid development of the 'collaborative' economy and the diverse nature of activities that coincide with those offered by the regulated sectors of the economy, and those offered through 'collaborative' economy platforms has opened up a wide legal grey area in a wide range of sectors. In this grey area lie critical, unresolved concerns about public safety, community cohesion and fiscal accountability.

On the assumption that rentals of private residences via 'collaborative' economy platforms would have little impact on the accommodation market, or on the life of their neighbourhoods, cities across Europe waited until too long to bring regulations up to date. Many of these cities are now fighting a rearguard action against the growth of a sector which has distorted the property market, had a negative impact on the lives of local residents, and expanded to such a scale that commercial property owners have bypassed those regulations created to keep the public safe and ensure that businesses pay their fair share of tax.

For this reason it is important to have a clear understanding of the scale of growth and the policy implications of the emergence of the home restaurant. The following list provides an overview of all the areas of government policy which the home restaurant touches upon, to a greater or lesser extent:



On the basis that food preparation and consumption takes place in a private residence, there are some areas on this list which require more urgent attention than others. The following list of key policy considerations has been compiled following a consultation with HOTREC members, a review of government policy reports and media articles relating to the emergence of the home restaurant. In the interests of consistency, it has also been aligned with HOTREC's policy concerns relating to the 'collaborative' economy and the accommodation sector.

LEGISLATIVE INSTRUMENTS USED TO REGULATE THE HOME RESTAURANT

DEFINITIONS

KEY POLICY CONSIDERATIONS:

- Outdated definitions fail to reflect the new types of business model which have emerged

AREA REQUIRING ATTENTION:

- Modernization of definitions and regulations according to the nature/scale of activity

FOOD SAFETY

KEY POLICY CONSIDERATIONS:

- There is no clear picture on whether home restaurant hosts are following established EU and local regulations and guidelines relating to the condition and hygiene of facilities and equipment, or procedures for storing and handling food
- There is no clear information about whether hosts are following established EU regulations and guidelines relating to declaration of allergens, traceability of food served and acrylamide in food
- There is no clear picture on whether the platforms inform their hosts of the various obligations they have as food business operators, within the meaning of the EU General Food Law Regulation (e.g. complying EU legislation on food safety and information and to mandatory registration with food safety public authorities), when preparing and serving food to paying customers on a regular basis
- Some home restaurants with very limited and irregular activities may however fall outside of the jurisdiction of food safety authorities, because of a lack of a clear definition of home restaurants

NB: The risk to public health increases with the frequency and volume of food preparation

AREA REQUIRING ATTENTION:

- Clarification of host's responsibility in following established EU and local regulations and guidelines on food safety, traceability, acrylamide, and in declaring allergens in food. Clarification of the nature of a home restaurant (in terms of size and scale), and the extent to which it is to be subjected to mandatory registration with public authorities and inspections

PUBLIC SAFETY, SECURITY AND ACCESSIBILITY

KEY POLICY CONSIDERATIONS:

- Individuals are hosting guests in private residences for a commercial activity, which has implications for the health and safety (particularly fire safety and building suitability) of both hosts, guests, neighbours and the surrounding environment
- Individuals are hosting guests in private residences for a commercial activity, which may be subject at national and local level to legal requirements on accessibility

AREA REQUIRING ATTENTION:

- Premises where guests are hosted should be safe and have satisfactory fire protection standards and equipment
- Guests with reduced mobility and/or disabilities should enjoy same accessibility rights as legally required for other similar commercial premises
- Local authorities should consider the implications of increased frequency of visits by unknown people in private residences, cooking activity and noise associated with increased frequency and volume of meals prepared in private residences
- Destination authorities should have an understanding of the commercial activity occurring within their jurisdiction, especially where it has the potential to affect local residents' quality of life

LICENSING & PERMITS TO SERVE ALCOHOL

KEY POLICY CONSIDERATIONS:

- The sale of alcohol is restricted in order to protect minors and ensure public order, and bars and restaurants have a vital role to play in this. Hence they have to apply for licences and are held to account by strict rules relating to the sale of alcohol which extend to areas such as the background and conduct of staff, the way alcohol is promoted, the nature of the premises and the capacity to disturb local residents. In most cities, strict penalties such as fines and withdrawal of licences are used against those who violate alcohol restrictions. Hosts supplying alcohol in home restaurants are currently able to bypass these rules

AREA REQUIRING ATTENTION:

- Ensuring that hosts abide by rules on alcohol sales in their local area, including the need to obtain licences and acknowledging their responsibility for public order (reducing noise and antisocial behaviour)

LIABILITY

KEY POLICY CONSIDERATIONS:

- The limits of liability of residential (or venue) property owners, those acting as hosts, online platforms and local authorities are unclear, potentially putting consumer health and safety at risk
- Insurance arrangements and the procedure for making official complaints relating to home restaurant activities are largely undefined, with hosts and guests unaware of their rights and responsibilities

AREA REQUIRING ATTENTION:

- Clarification of the liabilities of hosts, online platforms and authorities, in accordance with existing EU and local regulations
- Basic liability should be ensured, including full responsibility for the food activities under the homes restaurants' control
- Implementation of adequate insurance mechanisms to cover hosts and guests. As the holders of data, platforms should be more proactive in cooperating with authorities in ensuring a 'responsible' collaborative economy

TAXATION

KEY POLICY CONSIDERATIONS:

- It is unclear whether hosts are declaring income generated from home-restaurant activity to tax authorities
- It is unclear whether platforms are meeting their fiscal obligations in the countries where they operate
- Tax authorities are not easily able to verify the income generated by hosts through online platforms

AREA REQUIRING ATTENTION:

- Inclusion of hosts within their country's tax system
- Transparency by online platforms in their tax declarations
- Cooperation between platforms and authorities to prevent tax evasion

NB: In some countries, limits have been proposed on how much a host may earn during a year (e.g. €5,000 per year in Italy, or limit of €7,000 imposed by Airdnd in the Netherlands). However it has not been made clear whether these earnings are based on total income, or profit made after expenses.

ZONING

KEY POLICY CONSIDERATIONS:

- The definition of residential and commercial property is becoming confused
- The operation of commercial activity within private residences or other venues requires the necessary permits for change of use, particularly where it is used for food preparation and service
- Ensure that important factors such as the supply of public transport, parking facilities, utilities, waste disposal services, and protecting residents from nuisance behaviour, and protecting the character of each district are all taken into account when defining zones for commercial and residential property use

AREA REQUIRING ATTENTION:

- Clarification of terms and conditions for commercial vs. private domestic uses of residential property, particularly those used for food preparation and service on a commercial basis
- Establishment of mechanisms to monitor and control the use of residential property for commercial use

LOCAL RESIDENTS AND COMMUNITY COHABITATION

KEY POLICY CONSIDERATIONS:

- Nuisance behaviour (e.g. inappropriate behaviour, noise, incorrect disposal of waste, etc.) associated with home restaurant activity jeopardizes quality of life in neighbourhoods
- Neighbours have the right to know when commercial activity involving unknown guests occurs within their immediate surroundings

AREA REQUIRING ATTENTION:

- Clarification of differences between commercial and home restaurant activity for the purposes of ensuring correct use of residential space and ensuring community cohesion
- Establishment of mechanisms to monitor and control use of residential property as home restaurants

ENFORCEMENT

KEY POLICY CONSIDERATIONS:

- If regulations on home restaurants are to be effective, they must be enforced. Experience to date indicates that there is a limited understanding among destination authorities regarding the extent to which home restaurants exist within their jurisdiction. This suggests that they are unlikely to be currently dedicating the necessary financial and human resources to enforce the implementation of regulations on critical areas such as food safety to home restaurant operators

AREA REQUIRING ATTENTION:

- Where compliance inspections are mandated by law for home restaurants, mechanisms should be established by destination authorities to carry out these inspections in a timely and efficient manner

OTHER ASPECTS

KEY POLICY CONSIDERATIONS:

- Tax breaks and government sponsored vouchers for home services are normally restricted for personal use only (e.g. voucher for home employee cooking for the family). However, rules can be easily by-passed to recruit an employee to perform home restaurant activities (i.e. as a cook), therefore gaining undue/illegal competitive advantage at the tax payers' expenses.
- People working in the home restaurant sector are not covered by the same employee rights and benefits as those in the regulated sector. They can be assumed to be operating in the informal sector, unless they self-declare and register as self-employed (itself dependent on clarifying the nature of their business – see legislative instruments above)
- To preserve public health and prevent the public from exposure to tobacco smoke, public authorities have in many European countries implemented smoking bans in places open to the public. Home restaurants, as they are welcoming paying guests, are to be considered as places open to the public where such smoking bans apply.
- The communication to the public of works protected by copyright requires the granting of an authorization from a collective management organisation representing the holder of the rights. As home restaurants welcome external paying guests, any music protected by copyright played in the premises in the presence of paying guests' requires such prior-authorisation and license.

AREA REQUIRING ATTENTION:

- Ensure tax breaks and government sponsored services vouchers cannot be used in home restaurants activities
- Clarification of the employment status of hosts (i.e. all individuals working within a home restaurant in this activity) as self-employed or otherwise. Requirement for them to meet the legal obligations associated with their actual employment status
- Applicable local smoking bans in public places and places where food is served the public should be enforced in home restaurants as in the regulated sector.
- Copyright law should be enforced: home restaurants should ask a license to relevant collective management of copyright organisations before making listen any music to paying guests.

05 Five Key Pillars to Fostering a Responsible And Fair ‘Collaborative’ Economy in the Home Restaurant Sector

Until now, the assumption has prevailed that since home restaurants exist on a small scale and are concurrent with regular domestic cooking activity. Yet this is not the case; fundamentally, there is an important difference between cooking for family, friends or neighbours, and cooking for strangers for a profit.

As the voice of the European hospitality industry, HOTREC aspires to see the principles of fair competition justly applied across a range of policy areas relating to the supply of food and beverages. However the need for fair competition is not the only motivation for putting forward this policy document.

The reason for this is that there are vital questions of public health and safety at stake. It is also important to bear in mind that other factors such as state revenues, adequate infrastructure, peaceful coexistence of businesses and local residents and cohabitation between citizens, especially in densely populated areas. These, as well as consumers’ rights also shape the sustainability of tourism development, and home restaurant hosts have a role to play in all of these areas.



Food safety is largely regulated by EU legislation, although guidance may vary slightly according to local conditions. There are a number of basic standards that those preparing and serving food to consumers on a regular basis are required to meet, and which includes HACCP (Hazard Analysis and Critical Control Points) procedures, traceability requirements, food information, acrylamide management, etc.

Home restaurants that qualify as food business operators under EU law shall strictly respect these requirements. Home restaurants that do not qualify as food business operator due to a very limited and irregular activity shall at least pay attention to the basic features of HACCP (e.g. condition of non-food contact surfaces such as floors, walls, ceiling; condition of food contact surfaces such as worktops or cutting boards; condition and cleaning of equipment and utensils; adequate food storage and refrigeration; prevention of food contamination, etc).

1. REGISTRATION OF ACTIVITY / LICENSING

- EU registration rules on home restaurants which are considered as food business operators shall be strictly enforced. For home restaurants which are not considered as food business operators, registration systems should be established to allow hosts to register their home restaurant activity with the destination authority.
- These systems will allow destination authorities to measure the type and scale of the activity and restrict activities which go beyond defined limits.
- They provide the mechanism to allow for tax collection and consumer protection measures to be taken, where necessary.
- Registration systems will require the creation of definitions to adequately describe home restaurant activities.
- Hosts must adhere to local regulations relating to the sale of alcohol, and in particular licensing obligations (where applicable) in the same way as the regulated sector.
- Hosts must adhere to EU and local regulations on copyright when playing music protected by copyright to paying guests, and should request a license to the relevant collective management of copyright organisations.

2. TAXATION

- Compliance with fiscal obligations shall be considered a prerequisite for engagement in home restaurant activity.
- Home restaurants operating above a certain threshold of revenue should face the same fiscal obligations as the regulated sector.
- Platforms must cooperate proactively with destination authorities in order to prevent tax evasion.

3. CONSUMER PROTECTION, HEALTH, SAFETY AND SECURITY

- Home restaurants which qualify as food business operators under EU law shall apply strictly existing EU legislation on food safety, food hygiene, food information (i.e. allergens declaration), traceability, acrylamide, etc.

- Home restaurants which do not qualify as food business operators under EU law shall at least follow basic guidelines on food safety and declare the presence of allergens in their menus in accordance with local regulations for the regulated sector.
- Hosts must abide by local regulations relating to building codes and fire safety.

4. ENFORCEMENT

- Home restaurants shall grant access to their premises to public authorities' staff performing official controls and shall assist and cooperate with them. Failure to comply with cooperation and assistance obligations may lead to the loss of the right to operate, as for any regulated business.
- Destination authorities must extend their food safety complaints system (used for inspecting and forcing suspension/closure of activity) to operators of home restaurants, and platforms must cooperate proactively in this process.
- Platforms must cooperate in removing listings that contravene applicable regulations.

5. LIABILITY

- Hosts, online platforms and destination authorities must assume their liabilities to the consumer, the hosts and platforms to the authorities.
- Adequate insurance mechanisms must be in place and communicated by platforms to the hosts and guests involved.
- As the holders of most data, platforms should be made liable in playing an active role in cooperating with authorities to ensure a responsible 'collaborative' economy, with sanctions imposed, where applicable.

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