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INCREASE FOOD & BEVERAGE REVENUE IN HOTELS

There are many reasons why hotel Food and Beverage profits are not what we would like them to be. Foremost among them is usually the fact that revenues are not as high as they might be. The lack of separate identity and entrances for outlets has a negative impact but for the most part hoteliers aren't the street fighting promoters our free standing restaurant counterparts are. This is quite understandable, after all why should we focus so heavily on Food and Beverage when for the time and money spent it will never be as profitable as the Rooms Division!

There are some subtle differences that make a lot of sense. Think about how you'd spend your finite promotional dollars if you had a choice between promoting the hotel in its entirety or just a profitable restaurant outlet. Clearly it makes more sense to advertise the hotel and its services or to have the sales staff either build commercial room demand or pursue group room bookings. These items have profit margins in excess of 75 - 80%.

A hotel's Food and Beverage department is an exception if profit exceeds 20%. In both cases as hoteliers must admit, administrative, marketing, maintenance and utilities expenses are not deductions from these margins. Unlike our restaurant counterparts who must bear all these expenses directly we shuffle them off as Unallocated Expenses. In the end it makes sense because most hotel Food and Beverage revenues are driven by the Rooms Department's level of activity and our buildings and operational structures are not such that some expenses can be isolated cost effectively. Can you imagine the time required to allocate the credit card commission expenses for Food and Beverage charged to the guest rooms from those having to do with the Telephone Department and room sales?

Increase hotel guest usage, increase hotel guest average checks, and increase outside patronage from the community. You say those things are obvious but do you have a mini-business plan for each of your Food and Beverage outlets? Does it address those items? Is it funded, are all the departments' employees involved and excited about it? Are the key players motivated with incentives to make the plans succeed?

Mini-business plan? You know, like the one you have for the hotel; revenue and expense goals in detail, staffing plan, capital budget, menu plan and outlet market plan. These are not all new things, everything but the menu plan and outlet market plan should be in your hotel's annual business plan, so preparing a mini-plan for each Food and Beverage outlet should not be a monumental task.

I refer to these plans as mini-plans because they can be three small lists: standard hotel procedures, one time promotions and advertising. Standard hotel procedures are simple things like having the reception staff mention the outlets to registering guests and having the bell staff mention that night's restaurant specials while the guest is a captive audience. Hyatt has a promotion titled something like, "The Winner is..." the server opens and entitles the guest to anything from a 10% to 50% discount on dinner. These cards are handed out by the receptionist registering the guest.

Other standard items are elevator displays, in room promotions, and promotional cards given with restaurant and bar checks.



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Standard hotel procedures must include services, attitudes and amenities that are very appealing to the hotel's guests. Services are kind of obvious but attitudes are a little tougher. Rather than exclusively hiring experienced servers look for people with a positive, cheerful outgoing attitude that either have experience or are trainable. A cheerful good attitude will over-come a lot of service and even quality problems, assuming they are short term! Your servers must enjoy their patrons, thank them for coming, ask them if they will be in tomorrow, how their room is, etc. In short they must care. It will help the food and Beverage outlets and the hotel in general.

Amenities are a more exciting and creative issue. Sure there should be an assortment of newspapers at breakfast and with room service. But what about a heated pot of coffee so that the patrons don't have to wait to be bothered by, "...more coffee?" every few minutes. Can you promote your restaurant or coffee shop as the area's power breakfast meeting place? Offer cut fruit with every order for the health conscious and thick slab bacon or what ever is locally popular for the heavy eaters. Why not free shoe shines as patrons leave and for people waiting for a table or for joiners? Dare to be different and work hard to find out what your hotel guests and surrounding community want. Who eats at Perkins and Bakers Square and why? What is so good and unique about them that can't be copied?

One time promotions are tried and true methods of attracting more business. Most people repeat the same ones year after year. Mothers' Day, Fathers' Day and the list goes on. Why not start some new traditions for your restaurant or bar that are annual if not monthly?

Advertising for food and beverage outlets ranges from the basics like the Yellow Pages and entertainment directories to such media as radio and television. Any media that can be obtained for free is good as long as one has some control over it. Trade outs are always a good idea. The best trade a Food and Beverage manager can arrange is rooms for advertising! Next to that, beverage for advertising is good if it can be obtained on some multiple like four advertising dollars for one beverage dollar. Doing joint promotions with media outlets is especially effective if one can obtain extra advertising unrelated to the promotion at a later time in order to stay in the audience's mind.

Never forget the power of good press releases. These should be done for all conventions, banquets, menu changes, new entertainment, etc. Invite the press in to try new menus and to witness promotions. Charities are good tie-ins. There are obviously direct benefits if the charity is selected wisely.

As a final point let me emphasize the value of employee involvement. They should be involved in brainstorming sessions to create ideas in every area affecting revenues and expense control. They know more about the customers and the operations than management and owners do.