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Creating Creative F&B Dept Solutions

At this week's BITAC F&B, attendees learned how to boost business by adapting to guests' changing habits.

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Hotel F&B departments are quickly changing the way they do things in order to adapt to current economic realities. It's a challenge that's overwhelming for some but when approached rationally and intelligently, the end result doesn't have to be deep discounting to generate business.

Even more important, F&B changes don't have to undermine quality and service levels. In fact, by employing smart tactics rather than wholesale discounting margins can be preserved and the bottom line protected.



Facing these unique challenges and providing real workable solutions was the focus of an educational panel featuring high level executives at this year's Buyer Interactive Trade Alliance & Conference (BITAC) F&B sponsored by Hotel Interactive, which is taking place this week at the posh Wynn Encore Las Vegas.

While many F&B executives are trying to goose business with discounting, experts say that will only result in devaluing brand equity and make it harder to boost prices when the economy finally kicks back into growth mode.

The solution is of course adding value. People will still money on a dining experience; they just have to feel it's worth the expense.

Mark van Hartesvelt, partner, Gemstone Hospitality said his company, which manages boutique hotels in the luxury segment, is working hard to ensure they have value at every different level of the dining experience. "In the past, the mentality was to make sure we got as much as we could on every level," said van Hartesvelt. "Now guests are looking for true value. If you don't provide it to them they'll find it elsewhere."

According to Ellen Burke Van Slyke, corporate creative director of F&B with Loews Hotels, an upscale hotel company with 18 open properties, discounting just confuses guests. "If you're trying to build a long-term competitive base and you lower prices there's a perception on the guests' part that quality must be dropping somewhere.

One hotel brand that takes the hard line on discounting is Dianna Stoffer, brand manager Hotel Indigo F&B program with InterContinental Hotels Group. Hotel Indigo is an upscale select service brand. "We don't do any type of discounts through FB outlets in the hotel, but we do give our guests the best quality at the best prices. We'd rather do that than give them some percent their entrée," Stoffer commented during the session.

And even in a sluggish economy there are also creative ways to get people to spend more.

Mark LaVoie, Corporate F&B Operations with Station Casinos said customers at the company's casino resorts such as Red Rock and Green Valley Ranch have been skipping buying bottles of wine because they're generally priced too high. He said the company has been able to goose wine sales by tweaking lists to include lower costing but more recognizable wine labels. "We're not buying a lot of expensive wines."

Van Hartesvelt agrees. "We started with a list of 25 wines for \$25. That thing just blew out the door. We also now offer sips, glasses, bottles or endless bottles. Or guests can create their own flight," who also thinks wines by the glass isn't a dirty word. In fact, his hotels are really pushing wines by the glass because of steadier profit margins.

Bill Schwartz, CEO of SCI/FOOD-TRAK said people are a lot smarter about wines now than they were 15 years ago. And it's made them a lot savvier about how wines are priced. That means they know true cost vs. the cost of a bottle at a restaurant. "The days of three to four times markup are over. You have to do a markup of 20-30 percent rather than 300 percent. They know what wine costs and ask themselves why they would pay three times the amount than they would pay at the store. You can't look for 18 percent wine cost and should be maybe 75 percent."

Loews' Ellen Burke Van Slyke said one way to skirt the markup issue is to utilize on-premise and private label products. "They don't know what it costs because it doesn't exist for them," she said.

Finally, room service is another area in which additional profits should be mined.

Gemstone's Van Hartesvelt said too many hotels are about pricing out the customer and should concentrate on create more of an in-room experience. "Guests should say this is the most romantic restaurant is in town," he said.

Ellen Burke Van Slyke agrees. "I think it's one of the greatest luxuries in the world is room service. It is the most romantic dining room in the hotel if you're with the right person," she said.

The quality of the guestroom also affects the desire to order in room service. At Wynn Encore Las Vegas, which opened on December 22 of 2008, executives are finding they're serving more room service meals than at its sister property Wynn Las Vegas, which has 700 more rooms. Executives attribute this to the unexpected factor that people love their rooms so much they are more often choosing to stay in and dine rather than visit one of the hotel's dining outlets.

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