



FOOD AND BEVERAGE

HELPING OWNERS AND MANAGERS TO KEEP UP WITH THE LATEST INSIGHTS AND EXPERT ADVICE

People join clubs and become regulars at pubs for different reasons. Sometimes it is to access the recreational facilities, sporting facilities, to regularly socialise with a particular group or simply to feel part of a place where they feel welcome.

Though some patrons may not become a member at a Club or start going to a Pub because of the food, many will keep returning and bring other guests if the food and service is great.

In this guide, we talk about what venues can do to maximise their Food & Beverage offer and talk to John Tully, expert consultant in Hospitality and Gaming, to understand how venues can make food and beverage a profitable and sustainable part of the business.

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INTRODUCTION



THE RIGHT FOOD & BEVERAGE OFFER

Food and beverage operations should meet their financial objectives in order to contribute to the financial health of a venue. But it is not just about the bottom line.

High performing food and beverage operations can keep patrons coming back and even bringing guests to enjoy a great experience.

When the customer service levels are also excellent, the overall impression created about the venue is very positive and the patron will unconsciously take care of an important part of the venue's marketing by recommending the venue to others.

But for most pubs and clubs, the food offer is not the main focus of the business and subsequently suffers through lack of proper focus. Where commercial food venues such as restaurants and cafes focus on maximising profits, pubs and clubs are often focussed on minimising costs, an approach that does not easily complement the requirement to keep quality high.

Additionally, commercial food venues are usually focused on one style or genre of cuisine and one style of venue, where pubs and clubs are most likely to offer food and beverages for different outlets within the venue, usually out of a single kitchen.

From a more formal dining area, an informal lounge area, a snack bar, cafe, coffee point to event catering and banqueting. When so many variables exist, it is not surprising that venues are overwhelmed and under equipped to make the food and beverage operations both cohesive and profitable.

In this guide, we feature some great expert advice from John Tully and bring together tried and tested strategies that could boost the success of your food and beverage operations.

“If more of us valued food and cheer and song above hoarded gold, it would be a merrier world.”

J. R. R. Tolkien



“I have had the opportunity to work in hospitality environments where the business owner has acknowledged the need for change and I have been given the charter of making it happen. It is an exhilarating process, resulting in business improvement and one that I take great pride in offering my clients.”

John is a Principal Consultant in the Hospitality and Gaming team at Lawler Partners and he has a proven track record for business transformation within the Club and Hotel industry.

His professional experience includes over 20 years consulting to the hospitality, entertainment and leisure industries on business transformation, change management processes, asset strategy, return on capital, management performance and business improvement.

As CEO and Managing Director of the Mike Willesee owned Trans Media Group, he was the key driver in the acquisition, re-development, repositioning and operational control of several high profile and award winning hotels.

John then took this experience and skill set and applied it to the Club industry. He was the CEO of the Northern Suburbs RFC in St Leonards for 5 years where he successfully reinvented a traditional registered club model by creating the Cabana Bar and Lounge – a venue that has now become synonymous with change in the industry.

John featured as a guest presenter at last year’s National Clubs NSW conference on the subject of influencing change.

If you would like to speak with John about your venue, you can contact him on:

e: JTully@lawlerpartners.com.au

t: 02 8346 6000

WHAT WOULD AN EXPERT DO?

We spent some time talking with John Tully, an expert in transformation for Hospitality and Gaming who speaks from the heart, a passion for the industry and the gritty experience of having turned around the fortunes of hotels and clubs across Australia.

Why do pubs and clubs need to get their food & beverage offer right?

It’s as simple as this: Our research states that the primary business driver for a venue and its visitation is food, without question and rarely understood! And customer service is the area that customers deem THE most dissatisfying aspect of a venue’s business.

Across the board, alcohol consumption is in decline according to 2011 ABS data & Roy Morgan data states that gambling and poker machine participation is slower and the long term trend continues into 2013.

64% of Registered Clubs are in real risk of being in financial stress (Club Census data 2011), which is not surprising when you consider that only 4% of Clubs represent 55% of the industry profit (Club Census data 2011).

Growth in club membership numbers dropped below the annual NSW population growth of 1.4% (Club Census data 2011)

With so much working against a venue, is there an opportunity to make the food offer profitable and contribute to the sustainability of the venue as a whole?

Customer expectation and standards have changed. For example, fine dining as it was traditionally executed (white tablecloths, formal service, stuffy environments etc.) is no longer appealing to the majority of patrons.

Instead, fine dining that is customised to a particular segment is still very attractive. Venues that are having success are offering a far better value proposition such as personable service standards from service staff that really know their product but can still have great engagement with the clientele.

Delivered in a relaxed setting, with quality food at a more reasonable price point and far better wine and premium beer selections, is a winning combination.

WHAT WOULD AN EXPERT DO?...cont'd.

Where do venues need to begin, to turn their food & beverage operations around?

Customer research and customer insight are the critical starting point that not only maximises the effectiveness of the strategy but turns decision making philosophy from “I think this is an issue” to “I KNOW this is an issue”

A strategic plan is a good starting point but ideally an operator or board should insist on firstly understanding their customers (needs, wants, motivators, perceptions) so they have maximum insight for strategy development.

Our data shows that only 25% of registered Clubs have a strategic plan and of those that have them, approximately two thirds of them fail due simply to poor (or no) implementation. We call this the top drawer factor!

Strategic plans should have a three year focus with 12 months of actions and quarterly reviews. This becomes an actionable plan month by month, rather than actions achieved “by the end of the year” which never really get completed.

What are the 3 most important drivers to getting the food & beverage offer right?

In my experience you must get these three elements right:

- > **Accurate customer insight:** know your audience
- > **Quality product:** this is a basic expectation
- > **Great customer service:** this aspect of the business is a MUST and it is often the easiest and most cost effective to fix.

Don't all clubs and pubs know exactly who their customers are and what they want?

All venues think they know their customers, but few stop to ask what their patrons really want, for fear of looking unprofessional or simply in case their customers expect them to deliver on everything they have asked for.

Patrons like to be consulted and the opportunity to give feedback on an area that directly affects them is usually welcomed and treated with a lot more understanding than many venue managers would expect. Patrons don't expect miracles but they do want their preferred venue to keep up with new developments, trends and service levels.

Venues can undertake professional research in their catchment area or informal research through their database. Or simply ask patrons to complete a feedback form. It doesn't have to be rocket science.

Additionally, venues should keep looking for new ideas and understand new trends. Patrons may be delighted to try something new. Devote up to 30% of the menu to new and different dishes, always looking for what is popular with your clientele. Menus should be refreshed at least four times a year, if not more often, retaining core favourites and high turnover items.

Travel to other countries where possible. Asia is close and developing very fast. Australians travel widely to Asian countries and experience the service and food choices first hand. Also stay abreast of the US where possible. What happens over there usually comes to Australia 12-18 months later. Stay on top of new trends.

“Failing to plan is planning to fail”

Benjamin Franklin



Do all venues strive to deliver a quality product?

I believe venues usually try very hard but often set themselves up to produce average food. Long menus and too much choice are offered when venues don't really know their patrons. Attempting to meet all needs results in a lot of pressure on the kitchen and purchasing department, to stock and serve up too many food items and too many variations. The end result is lots of wasted produce and variable quality dishes.

The key is to keep it simple.

- > Shorter menus with choices that appeal to your core patrons. If you know what your patrons want, you will meet most of their needs with a few choices. Don't try to be all things to all people.
- > Dishes that work well in a streamlined purchasing strategy. Buy produce that is in season and core ingredients that work well across the menu. Keep speciality ingredients and highly perishable produce to a minimum.
- > Consistent and fair portion sizes. Too big and you are trying to justify an average dish by giving away a huge serving. Too small and you are just being mean with the portions. And when the same table receives one huge main and one tiny main, the effect on the patrons is very negative.

You are passionate about great customer service.

Can you tell us more?

Venues need to accept that providing good quality food and having a strong understanding of the customer is simply a survival benchmark. The customer service aspect is the avenue for providing the competitive edge!

Club and regular pub patrons want to be served by knowledgeable and helpful staff. They want a great ambiance, music, pleasant lighting, air conditioning, comfort and safety, which all form part of an optimum venue experience

The best food experience can be easily ruined if the process of ordering / paying and being served is in any way lengthy, complicated or hurried. Or if the environment is uncomfortable, noisy or badly managed.

Bar staff who are required to also take food orders and deliver food from the kitchen often do so under pressure and make food patrons feel uncomfortable and under serviced. Of course, if the food is great quality and the service standard is off on one particular night, then the chances are that your regular clientele will be somewhat forgiving, but it can't be the norm!

IMPORTANT:

If food is not a speciality, and you do not have the resources or space to supply an excellent offering, contract your food offer out to people who only focus on food.

It will ensure you have a steady and predictable income and can be confident that you are supplying great food all the time.

WHAT SPECIFIC THINGS SHOULD VENUES DO TO IMPROVE FOOD AND BEVERAGE OPERATIONS?

We will now go on to look at some specific things that venues can do to improve their food and beverage operations, starting with the areas that John Tully has discussed above and ending with a few marketing strategies to try.

1. KNOW YOUR CUSTOMERS AND KEEP UP WITH NEW TRENDS

Research

The first thing to consider about your patrons is that they are sophisticated enough about food to want real quality and they know when they are being given something less. They are also demanding and expect to be treated well and for their needs to be catered to.

In a venue with multiple food offerings as most clubs and larger pubs have, patrons expect distinct offerings. Cafe and bar food should be quick and simple without too many frills. A grill or restaurant offer should have more opportunities to enjoy a more personal and elaborate experience.

Getting the offer right is about knowing the patrons. This comes from understanding the local community and the catchment area in which a venue resides.

Patrons by and large are local and expect to find food and drink venues that are relevant to their community. Observe the restaurants that are always full in your area. Is it the type of food, the quality or the space that ensures these venues are popular? What is the average age of the clientele? Visit a few and observe what is most satisfying to you as a customer. Ask yourself how you feel in other establishments and importantly, what could they do better? Compare their offer to your own. Ask your management staff to do the same. Ask questions of your patrons and do a bit of simple research in the wider community.

Trends

Keep abreast of new trends that your venue may be able to adopt to get an edge. It is not just a nice idea to do this, it is smart business practice.

Innovative businesses are more profitable than those that refuse to change and their customers are more willing to pay a premium. As a business, you will also become more news-worthy for trying new things and it gives you a reason to invite journalists to sample your new offering.

If your innovation is successful, everybody wins. If it is not a roaring success, you still gain a reputation as a business that is moving rather than standing still.

- > **Technology** is playing a greater part in many restaurants. Electronic payment systems at tables, ipad menus, smartphone apps for reserving a table, making an order or even calling over a waiter. These are all becoming popular in some venues. But if the average age of your patrons is 60+ you may not want to introduce these just yet. Think about what your patrons want.
- > **Menu Trends** are also changing. Locally sourced and sustainable produce is becoming increasingly important, as is catering to Gluten Free, Dairy Free and Allergy requirements. It is no longer enough to have a vegetarian option on the menu, kitchens should be prepared to meet most restrictive diets by being flexible about what goes in or is kept out of a dish.
- > **Healthier options for children**, is another important trend. Patrons will appreciate the opportunity to feed their children responsibly and importantly it will help to avoid over-excited children in your venue. A win-win trend.
- > **Beverage trends** from the US include cocktail and food pairings and locally produced boutique beers. Australians also now have some of the most sophisticated wine palates in the world and while happy to accept some mass market standard wines on the menu, also expect to see less common boutique labels and recommended pairings with food. Imaginative wine selection reflects an imaginative and well thought out menu and both will please your patrons.

“Failure is just a resting place. It is an opportunity to begin again more intelligently”

Henry Ford



2. DELIVER GREAT DISHES AND IMAGINATIVE WINES TO MAKE A PROFIT

Use your menu to analyse sales

Central to every food and beverage offer is the menu. From the way you design your menu, order and buy produce and hire staff, it all depends on the menu and the choices you make of the food and drinks you will be serving.

Your menu is your 'shop window' and possibly your most powerful marketing tool.

It is also the best source of insights to help you understand the behaviour of your patrons, where you may make cost savings, what to change and how to price dishes and ultimately how to streamline your food and beverage offer so it is both profitable and consistently delighting your patrons.

Analyse your current menu and inventory profitability. Which items are high turnover but also high cost? Are these attracting your patrons but costing you too much or putting a lot of pressure on the kitchen? Are they loss leading items that encourage consumption of other more profitable items?

The point is, understanding your menu sales and your inventory costs is key to whittling down your menu to the most successful and appreciated items that still enable you to make a profit and please your patrons.

Refresh your menu regularly

The best way to increase sales and satisfy customers is to keep your menu fresh, relevant and interesting.

John Tully recommends refreshing your menu at least 4 times a year. This is an exercise in getting closer to the ideal food offer for your patrons, and fine tuning your menu, not just introducing anything that is new and different for the sake of it.

- > Compare your menu dishes, pricing and design with other food offers in your area. How do you stack up? Are there obvious gaps that you could fill? Are your prices a lot higher or lower for a similar dish?
- > Use a Specials board to add variety and test new dishes, without changing your core menu.
- > Retire dishes and bring them back later with different accompaniments to introduce a new price point.
- > Your menu should also include **signature items**, something that your venue can be known for. This is a great focus for producing consistent and repeatable quality dishes that your patrons can rely on.

Keep it simple

Don't overcomplicate dishes with too many flavours. Keep only the best performing dishes on the menu and keep it to just a few choices. Fewer dishes make the selection experience calming for the patron and easier to deliver perfect quality and consistency for the kitchen.

3. LEAD WITH IMPECCABLE SERVICE AND SEAMLESS PROCESSES

Aim for a culture of great behavioural service standards rather than just high technical or functional serviced standards. For example, you may be able to make the best cocktail in history but if you serve it like a funeral director, all positive impact is lost. Many a technical deficiency or 'cock-up' can be covered by a smile!

People need to be treated like you are hosting someone in your own home. Would you ever not say goodbye to someone leaving your home after a dinner party? Think how often that occurs in a hospitality venue.

Training and retaining staff.

Hiring great chefs and longer term staff that develop personal relationships with the patrons is not a cheap exercise. But the benefits of having great customer service, outweighs the cost implications.

So how can a venue deliver good value, high quality F&B and great service and still remain in business?

Well trained and longer term staff deliver professional and personable service. Keeping them abreast of new food and beverage offers and instilling updated cultural behaviours is important so they feel included, developed and always knowledgeable. Interestingly, front line workers are sometimes the lowest paid and least trained staff members but often have the most contact with patrons.

Many venues lack a well developed training program that invests in its employees and empowers them to take care of problems when they occur.

Most club and pub managers understand that training is important, but few prioritise it. Although a pay rise will re-invigorate staff in the short term, training updates their skills and makes them feel more secure and appreciated in the long term.

Great customer service also increases sales.

The more the team knows about the current food and beverage offer, the better equipped they are to make dining recommendations. Staff that know and understand the premium wine and spirits brands in your venue – the age, region, distinctive attributes – can make intelligent suggestions to the patrons.

Good customer service is also about seamless processes.

It is important to have clear food and beverage policies so that patrons receive consistent and equal treatment and frontline staff members are aware of what to do when situations arise that aren't standard.

- > **Reservations:** How far in advance do you take reservations? How about for special events such as Easter, Valentines or Mothers' Day?
- > **Seating for diners:** Is it clear how long diners can keep a table? What do you do on busy days?
- > **Separate bills:** Do you have a policy for splitting bills at large tables?
- > **Set or limited menu for large parties:** If you have one, is it clear what the rules and expectations are? Do you allow or encourage advance orders?
- > **Special requests:** Can you cater for unusual food requests, allergies, separating ingredients? If so, can you manage these all the time? How about Friday and Saturday nights?
- > **Food & beverage or service complaints:** Who can make an adjustment or compensation and what are the guidelines or limitations to such adjustments?
- > **Refusing service and RSA:** Who makes the decision in case of an intoxicated patron? How about at a catered event?
- > **Children in or near the bar.** What are your guidelines? Are they clearly visible to patrons?

Where possible, provide staff with the tools, technology, processes and training to enable them to say yes. This should be clear to allow staff the flexibility to deal with unforeseen situations and meet patron needs.



“The layout is not just about being pleasing to the eye, but also helps you to communicate your brand and sell the items you want to promote.”

4. MARKETING TIPS TO DRIVE SALES

The best way to reduce costs for an F&B operation is to increase sales. Venues can try different marketing tactics and measure their overall effect on consumption of F&B. Below we outline some inexpensive proven techniques to try. But first, a word about the menu.

Menu design

The menu is your best sales and marketing tool and certainly the part of the food and beverage offer that diners will spend most time engaging with, so make sure some thought has gone into it.

The layout is not just about being pleasing to the eye, but also helps to communicate your brand and sell the items you want to promote.

Menu real estate: There is considerable science to demonstrate that people read a menu in a particular pattern. As a very simplified example, in a three panel menu, guests look first at the centre of the middle panel, then the top right panel and then the top left panel, in an inverted triangle. These are the areas where high margin and signature items should go.

Naming items: Think about what sounds more attractive, without becoming too elaborate. A cheese pizza is more appetizing when you tell your guests that it is a ‘Handmade Mozzarella Pizza’.

Item descriptions: Short descriptions are better, but you can use a longer description when you want a dish to stand out.

Empty space: Setting a signature dish with empty space around it draws the eye to it.

Pricing: If you right-justify the prices, it encourages your diners to select by price. Setting the price at the end of the description, in the same font size helps them select a dish by the description. And avoid using the dollar sign, it creates a negative response.

Good writing & design: A copywriter will write and proofread the menu to make it sound attractive, concise and well thought out. Avoid grammar or punctuation mistakes as they make you and your presentation look sloppy. A designer will layout the menu with appropriate font and style for your venue and brand.



8 MARKETING TIPS

The below list brings together some easy to implement ideas to boost sales. They don't have to be expensive to do and you should be able to measure the impact on your venue sales quite easily.

- 1. Restaurant PR:** A well placed story is very powerful and the popularity of social media means that you don't need an expensive agency to publish your news item. You can now publish your own news to the internet free or at very little cost, through sites such as PRWire or PRWeb. However, it is still worth taking the time to craft a news release engagingly and remember to only publish real news. Don't inundate the media with trivial information just to be seen. It isn't interesting. Get some advice on how to compose an engaging release and then plan a series of events / menu changes / guests chefs etc, that will allow you to post news articles at least once a month. Make sure these are also hosted on your website and your media release links back to a news page in your site.
- 2. Website:** The importance of a website certainly isn't diminishing. While most venues now have some form of online presence, some are still in the old era of static brochure-ware sites with lots of pages, lots of text and frankly too hard to find what you want. An amateur or difficult to navigate website reflects badly on your brand and your venue and sets the expectation for what your food and service will be like.

This is your shop window and should be a top priority. You don't need to have lots of information or lots of moving images and cumbersome functionality. Your site needs to reflect your brand, be created in current technology (eg: a responsive design will allow your site to be viewed on smart phones and tablets) and be a pleasure to navigate.

Technology and hosting is no longer the expense it was and many people can help you get your site right without sinking a huge part of your budget. But do spend some money to get great images and functional design and architecture; it will be repaid in improved sales and better brand recognition.

- 3. Search Engine Optimisation (SEO)** The first port of call for anybody looking to read about you and your food offer will be your website. Like it or not, your website needs to be easy to navigate, informative and compelling enough to make patrons want to visit you again and again. But most importantly, it has to be easily found online. SEO will make sure you are found by Google and other search engines not just for your venue name, but also when people are looking for your chef, your signature items, your latest news or which restaurants are open in your area on a Sunday. If you have very few marketing dollars to spend, it is worth spending them with somebody who can improve your SEO and ultimately how often and easily people will find you online. Unless you are experienced in this, SEO is an area for an expert.



4. **Stop discounting:** Discounting tells your customers and prospective customers, “we don’t deserve full price, so we’ll be happy to lower our prices to make up for the difference”. Instead, consider promotions that do not rely on percentages. For example, value-added perks such as free valet parking, complimentary services or a free glass of your featured wine of the week all make your patron feel valued, rather than make your offer cheap. Similarly, never offer coupons, only offer certificates. There is a big difference in perception.
5. **Sampling:** Tasting is believing. If your food is a bit special, you need to get it in potential diner’s mouths. If you have a wine special on during the week – send round small glasses to taste. That’s the best way to build recognition and it is more effective and less expensive than advertising.
6. **Host a Food Event:** This is a great way to showcase your venue as a centre of the food scene in your market. They allow you to leverage the reputation, profile and credibility of all of the other participants, and can also help you share the expense of holding the event. Hosting an event also provides your restaurant with the opportunity to recruit additional manpower and resources for promoting the event and gives that added edge with garnering local publicity.
7. **Promotion ‘Toss up Tuesdays’:** Promote this program through your next newsletter and other internal marketing vehicles to your existing customer base. Pick Tuesdays (or your slowest food day) and flip for the food tab. Guests will have a 50 percent chance of getting their food bill paid by the restaurant. This attracts your guests’ attention much more than a “buy one get one free” promotion.

Importantly make sure your promotion has an end date that is clearly communicated. ‘January Toss up Tuesdays’ communicates that patrons have a limited opportunity to participate and makes it clear that you may not be running the promotion in February, so will not disappoint patrons who come in especially for the promotion.
8. **Birthday program:** A very high proportion of people eat out on their birthday. This presents an opportunity for venues that hold birthday information for their patrons on a relationship management system. You simply plug in the birthday and e-mail address of your members, and a secure and nicely designed e-mail is sent to them at a time you determine in advance. The system knows to who and when to send the e-mail and tracks view rates to inform you how well the program is working. The e-mail can include a redemption code that will allow you to track the percentage of the e-mails that are bringing in guests and calculate a return on investment.

“Tasting is believing. If your food is a bit special, you need to get it in potential diner’s mouths. If you have a wine special on during the week – send round small glasses to taste.”

When it comes to gaming, IGT understands that each venue has different requirements in relation to game choice, machine requirements, system needs and service support. That is why IGT takes the time to build a long-term, mutually beneficial partnership with its customers to ensure that it provides a total gaming solution offering:

- > Innovative games and gaming machines
- > Professional support and service
- > Gaming management systems

IGT has a strong affiliation with local industry associations in the club, pub/hotel and casino markets to ensure that it keeps abreast of the gaming issues and needs of each sector. This knowledge teamed with IGT's global strength and extensive experience within the gaming industry means that IGT can provide the best gaming solutions for your venue.

To find out more, please call us on +61 (0) 2 8345 3000 or visit:
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