The restaurant sector

Introduction

The enormous variety of food and beverage outlets makes it a challenge when one is trying to differentiate between them. Some are distinctly different (e.g., fast food and hotel restaurants). Others are harder to categorize (e.g., school catering can be categorized as public sector but may be serviced by Contract Caterers). The list of sectors in food and beverage management in this book is not exhaustive and as trends change so will new sectors emerge.

In this chapter the restaurant subsectors are covered with relevant descriptions drawing from the experience of food and beverage managers, educators and research in current sector definitions. For each subsection the basic policies, financial, and catering issues specific to that type of outlet is discussed. Where possible average spent, typical capacity, production capabilities and available technology issues are discussed.

Chapter objectives

After working through this chapter you should be able to demonstrate:

- An understanding of full service restaurants and licensed retail.
- An understanding of hotel and private club restaurant operations.
- An understanding of fast-food restaurant operations.
- An understanding of differences in the areas of finance, marketing, product, service, staffing and technology (FMPSST) between different types of operations.

FULL SERVICE RESTAURANTS AND LICENSED RETAIL

In this section of the chapter full service restaurants are categorized by revenue stream. Operations with food as their main revenue source (fine dining and popular catering) and operations that their main revenue is generated from sales of beverages (bars, nightclubs and pubs) are explored. Examples of mainstream restaurant guides are also explored in this section. As licensing laws differ from country to country the restaurant guides provide a good point of reference when trying to distinguish restaurant types and styles.

Restaurant guides

Consumers will often refer to restaurant guides when they wish to choose which establishment they might wish to visit. Restaurant guides can provide an easy way of classifying food and beverage establishments and for the food and beverage manager listing in a restaurant guide may mean the difference between a successful operation or failure to attract business. An understanding of the most predominant restaurant guides is therefore a necessary asset for any food and beverage manager.

The Michelin guide (http://www.viamichelin.com) is a famous guide awarding restaurants from 1 to 3 stars depending on quality of their cuisine (Figure 2.1). The guide also features the face of the Michelin Man (Bib Gourmand) for restaurants that offer good food at reasonable prices and has a rating for the atmosphere décor and general feeling of the establishment with a scale of five levels ranging from quite comfortable to Luxurious establishment. In 2006, Michelin released a New York city guide. Unfortunately in some cases a Michelin star can be taken by the proprietor as license to charge extravagant prices.

The Mobil travel guide (http://mobiltravelguide.howstuffworks. com) is the USA guide for restaurants and ratings range from 1 star to 5 stars. Ranging from a restaurant that provides a distinctive experience through culinary speciality. To the top of the
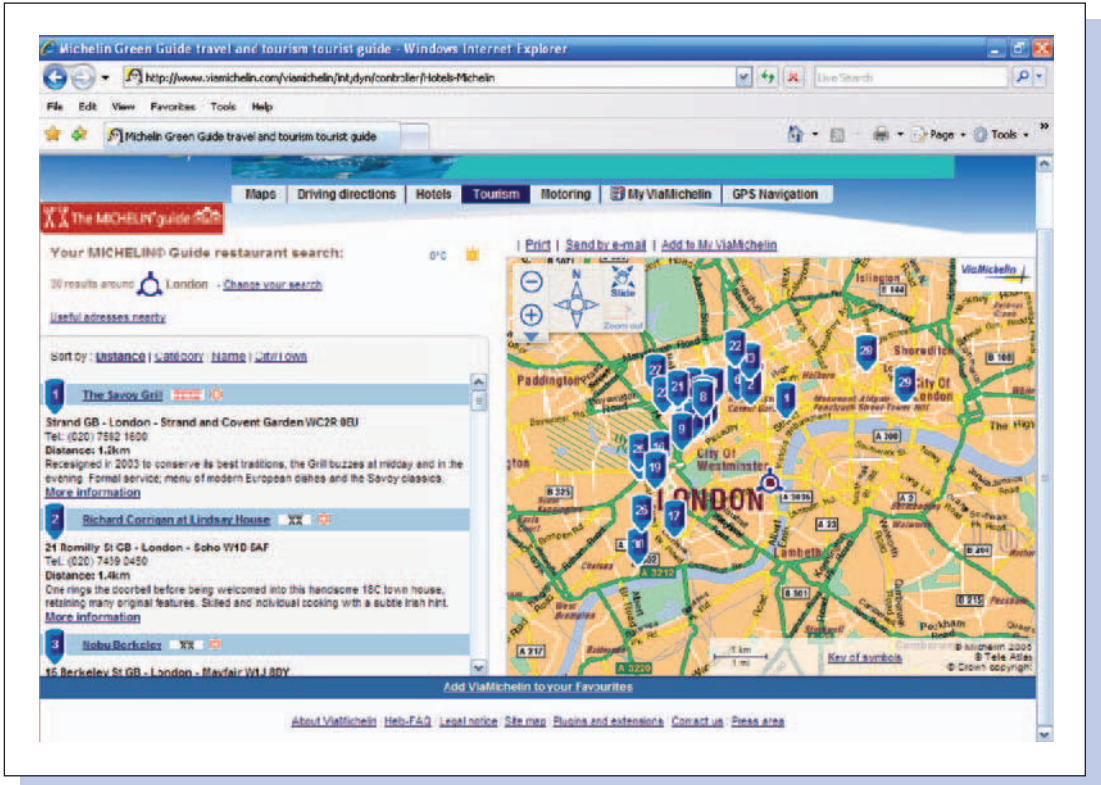
Figure 2.1 The Michelin guide website (*Source*: viamichelin.com)

scale which represents a flawless dining experience in the country (Figure 2.2).

The AAA is another travel guide that rates restaurants on a 1 to 5 Diamond scale. Three, four and five star/diamond ratings are somewhat equivalent to the Michelin one, two, and three star ratings. Specific to the UK the 'Good Food Guide' (http://www. thegoodwebguide.co.uk) is an annual publication using anonymous inspectors to grade restaurants from 1 to 10 were by 1 is a recommended restaurant that makes the top 1% of the countries restaurants whilst a 10/10 would be the equivalent of a 3 star Michelin restaurant. Another guide worth mentioning is the 'AA restaurants and Pub Guide' (http://www.theaa.com/getaway/ restaurants/restaurant_home.jsp)

An alternative guide is the Zagat survey (http://www.zagat. com/). The Zagat survey compiles individuals' comments about restaurants but does not pass an official judgment of the establishment (Figure 2.3).

One of the largest web-based restaurant and menu guide is MenuPix.com (http://www.menupix.com). The website features over 16,000 restaurant menus in various US cities. It is a great resource for any food and beverage manager to get ideas on what to do or what not to do when designing their own menus (Figure 2.4).
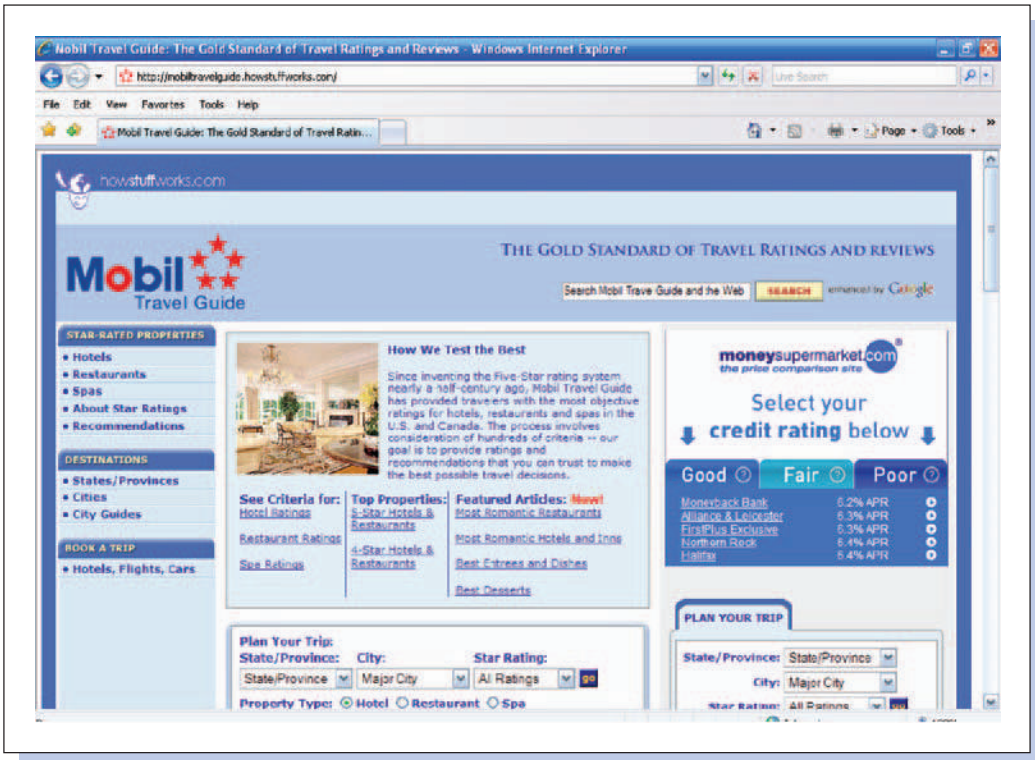
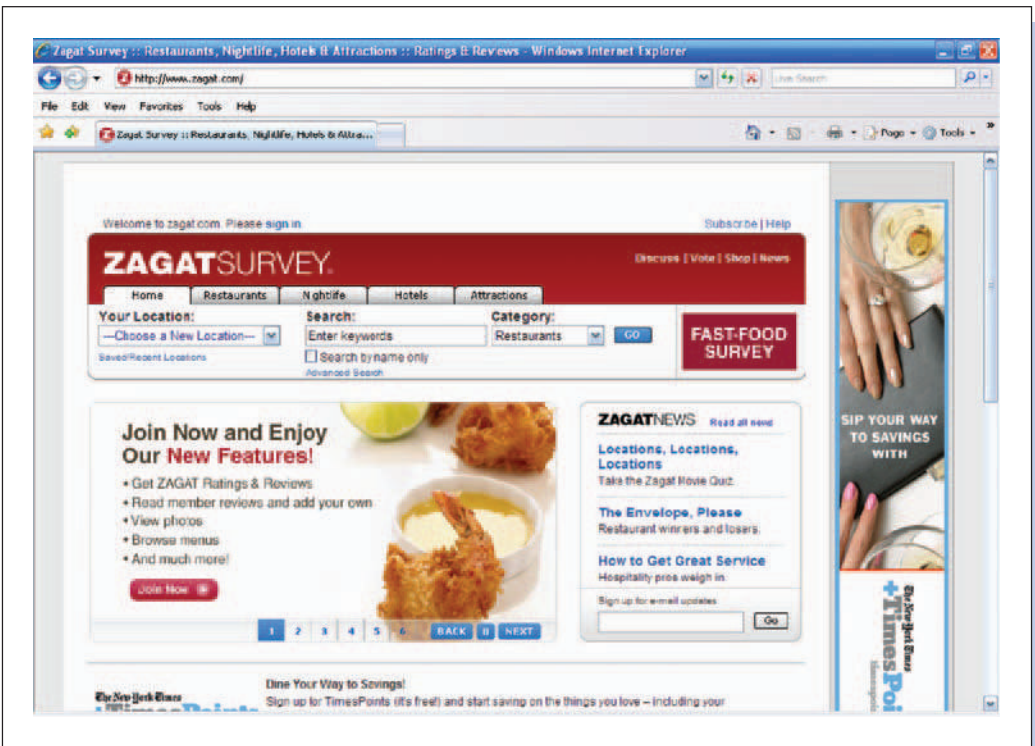**Figure 2.2** The Mobil travel guide website (US) (*Source*: mobiltravelguide.com)

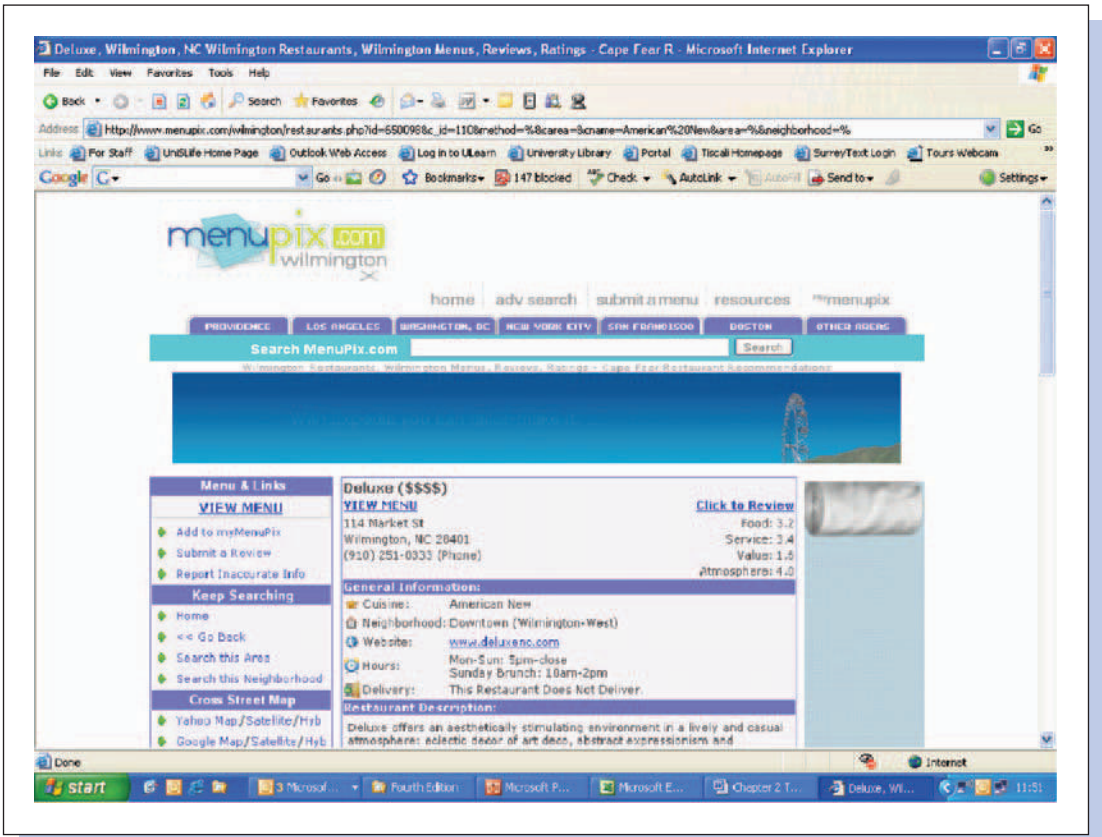**Figure 2.3** The Zagat guide website (US, UK, FR) (*Source*: zagat.com)

Figure 2.4 Menupix website (*Source*: menupix.com)

Activity 1

Log on to http://www.viamichelin.com and locate your nearest restaurant recommended by the guide with a 3 star rating.

Now see if you can find the same restaurant using the Zagat guide: http://www.zagat.com/. Considering a 3 Michelin star rating is a highly sought after accolade what do customers actually thought of the restaurant? Does the restaurant live up to its 3 star rating? Discuss.

You can try the same activity for a 2 or 1 Michelin star restaurant.

Fine dining

Fine dining restaurants are those establishments that offer very high standards in all aspects of their operation – an extensive à la carte menu, silver service, good quality facilities and décor, service accompaniments, etc. They can be found in four and five star hotels or as free standing restaurants (Figure 2.5).

The percentage of restaurants today that may be described as fine dining restaurants is small; indeed it may be as little as 3–5% of the total number of restaurants in all sectors of the

'For a restaurant of such high standards, like Le Gavroche, maintaining those standards is the highest challenge'
Michel Roux

with permission of Le Gavroche.

Figure 2.5 Le Gavroche (UK, London) (*Source*: Le Gavroche)

catering industry. However, the narrow market for which quality restaurants cater will continue to be present in the future, because there will always be that percentage of the eating-out market that demands the highest standards in all aspects of a restaurant operation, and can afford to pay the high prices charged.

Financial implications ● ● ●

Fine dining restaurants are profit orientated and this is reflected in their financial policies. The higher GP levels of the à la carte and high quality restaurants are mainly due to the lower percentage of variable costs of these operations and the need to cover the higher staff costs.

The high percentage of fixed costs associated with the fine dining restaurants affects the margin of safety of these operations; this is the difference between the operation's break-even point and its maximum potential output. High fixed cost operations have a smaller margin of safety than those with lower fixed costs, so that a drop in the volume of sales would seriously affect the profitability of high fixed cost establishments. In addition, the wide range of price discretion that is available to hotels and quality restaurants further complicates their pricing structure.

The balance between the price level of these establishments and their volume of sales must therefore be carefully calculated, and this again would be contained in their financial policies.

The average spend per customer in the fine dining may range from £50 to £120 or even more per customer.

In the higher average spending power (ASP) operations, the cost of the meal to the customer is not such an important variable in determining the sales of the operation; broadly speaking, the higher the price level of an operation, the less elastic its demand. The demand for those catering facilities offered by quality restaurants and hotels (specifically the à la carte outlets), therefore tends to be relatively inelastic, that is, a large change in price will not have a very substantial effect on the sales of the establishment.

Marketing • • •

Because of the narrowness of the market for which quality restaurants cater, the marketing policies of these operations are able to quite clearly identify their market and target their advertising and merchandising campaigns at this market level.

The high ASP of such establishments must be reflected in their marketing policies; if they cannot compete with other catering operations on the basis of price, they must look to the other aspects of their operation, such as food quality and standard of service as a basis for competition. Often such restaurants will feature a Celebrity chef as their executive chef. Other times the acquisition of a Michelin star due to the quality of the food will send demand levels to such a high that soon the menu prices follow.

Fine dining restaurants are characterized by the need for a high capital outlay and have a correspondingly high percentage of fixed costs; the perishability of their product; and a demand for that product that is unstable. All these factors lead to a high dependence of these operations on the demands of the market, so that hotels and quality restaurants may be said to be highly market orientated. In comparison to the welfare sector cost-orientated operations, fine dining restaurants are more dependent on their market for the survival of their operation, and this has important implications for their basic policy-making decisions.

In fining dining restaurants marketing has to be subtle for example, advertising in quality magazines – obtaining free write-ups of the restaurant in quality newspapers and magazines – joint promotion with credit card companies. These can enhance the type of image the restaurant is trying to create. Often the restaurant will hire a public relations company that has the expertise, resources and networking to do just that.

Product and service styles • • •

The most widely used method of food production in the kitchens of fine dining restaurants is still the conventional method

of production, based on the *partie* system. The partie system is a method of kitchen organization in which production is divided into separate areas according to the type of food being produced. In a large hotel kitchen, for example, there may be as many as seven main production parties: roast; vegetables; larder/salads; entree; fish; soup; and pastry, and each of these sections may be further subdivided depending on the quantity of food to be produced by the partie. In fine dining restaurants fresh ingredients define the product and the use of any convenience food stuff is eliminated or reduced to a bare minimum.

Food service styles are not only dependent on the type of catering operation, but also on its price level. Generally speaking, the higher the price level of an operation, the more elaborate and sophisticated the service style becomes. However in fine dining restaurants we have seen a move away from silver service and towards plated service styles. This is mainly because the chef can far better control the appearance of a plate in the kitchen. When a customer is paying £40 for a main course, they would expect excellent quality of food but excellent dish appearance as well. Furthermore the luck of skilled staff in the industry has made styles such as Flambé and silver service redundant. It is worth noting however that a renaissance of the Flambé service in front of the customer might be back on the menu. Although flambé dishes still exist on the menu they are mainly prepared in the kitchen but recent trend would suggest that in fine dining at least Flambé service style might be resurrected.

As the sophistication of food service styles increases with the price level of an operation, so too do beverage service styles. The service of wines, for example, is considerably more elaborate in an à la carte quality restaurant than in an operation featuring a table d'hôte menu. In a quality restaurant an extensive wine list would be available and a wine waiter would serve the wine throughout the duration of the meal. In a lower ASP catering outlet a more limited wine list would be offered and the service of the wine would usually be by the member of staff serving at the customer's table, rather than a separate wine waiter. Adjacent to quality restaurants may be a cocktail bar or some other form of bar where beverages are served to customers at individual tables. In the lower ASP operations, this bar arrangement is not often found; patrons for the table d'hôte restaurant would usually use the main hotel bar.

Staffing • • •

The organization of fine dining restaurants has changed mainly at the top over the past years. An executive chef might often be the owner or the manager of such an establishment as the product is what differentiates the restaurant from its competitors. However the traditional hierarchy will still exist with a sous chef responsible for the operations and the chefs de partie responsible for sections of the kitchen whilst a number of commis chefs will assist the chefs de partie with the more menial tasks.

In the front of house a Restaurant Manager is now often the title used for what in more traditional settings be the Maitre'D a head waiter, a chef de rang responsible for a station with a commis waiter. Also a wine waiter with a commis might be present especially in operations that feature an extended wine list.

Technology • • •

In fine dining restaurants communication between service and production staff is of paramount importance. If the Chef has prepared an exquisite dish only to find it melting away in the hot plate because service staff could not be alerted on time, the restaurant will not uphold its reputations. Electronic point of sale (EPOS) and mobile point of sale systems (MPOS) technology have made huge advancements (Figure 2.6). The waiter can be alerted through the MPOS, the waiter can input specific instructions about a dish without having to physically go to the kitchen. The Chef can instantly alert all waiters with how many portions of a specific dish is left or if he wants to push a particular dish.

Staff performance has become much easier to quantify as a result of technology. POS systems can provide information about an employee, how many customers he/she serves per hour, how much revenue he/she generates, how long it took to

Figure 2.6 Micros POS terminal (*Source*: Micros http://www.micros-fidelio.co.uk)

service a table, how much tips tables leave and the lists goes on. Such information can be used to establish whether a member of staff needs more training, needs to be appraised for brilliant work or needs to be evaluated, as they do not seem to match the required standards. The ease of obtaining such information allows for the information to be shared around with the team and that in its self can help motivate staff as they can share what is going on in the workplace.

Bars, nightclubs and pubs

Although bars strictly speaking are focusing in the sale of beverages only and the provision of entertainment, Nightclubs often feature restaurants within their premises and pubs have taken the food agenda in their premises even further with the relatively new phenomenon known as Gastro pubs. According to Mintel, the UK market shows a positive growth in the future (Table 2.1). The Gastro pub is a traditional pub that has been updated with a full service restaurant that can often be compared in product to a fine dining establishment.

Financial implications ● ● ●

The sale of beverages has always been a favourite with every food and beverage manager. With a gross profit of 65–70% beverages

At current prices	2007 £bn	2008 £bn	2009 £bn	2010 £bn	2011 £bn	2012 £bn	% change 2007–2012
Fast food:							
Burgers	2.4	2.47	2.5	2.49	2.48	2.48	3
Ethnic takeaway	1.8	1.87	1.94	1.98	2.04	2.09	16
Pizza and pasta	1.35	1.42	1.51	1.57	1.64	1.7	26
Fish and chips	1	1.04	1.07	1.09	1.12	1.14	14
Fried chicken	1	1.1	1.19	1.24	1.31	1.37	37
Other fast food	0.17	0.17	0.18	0.19	0.19	0.2	18
Total fast food	**7.72**	**8.07**	**8.39**	**8.55**	**8.77**	**8.96**	16
Restaurants:							
Pub catering	7.25	7.67	8.21	8.5	8.9	9.26	28
Hotel catering	4.31	4.43	4.48	4.54	4.66	4.69	9
Restaurant meals	4.5	4.79	5.15	5.34	5.6	5.85	30
Ethnic restaurants	2	2.02	2.07	2.12	2.2	2.23	11
In-store	1.4	1.5	1.59	1.66	1.75	1.82	30
Roadside	0.53	0.54	0.54	0.54	0.54	0.54	2
Total restaurants	**19.98**	**20.93**	**22.05**	**22.7**	**23.65**	**24.39**	22
Other	2.75	2.99	3.02	3.07	3.21	3.24	18
Total	**30.45**	**31.99**	**33.46**	**34.32**	**35.64**	**36.6**	20

Source: Mintel, 2006

Table 2.1
Restaurant sector forecast – UK

often help to sustain a business through rough times. With night-clubs there may be further income as many charge an entrance fee but this is mainly in order to cover the entertainment expenses such as the fee of a DJ or a band. With new antismoking regulations in place there has been a fear that such establishments would see a significant reduction in their revenues, however in May 2007 it was reported that the antismoking laws have not deterred punters and companies such as Wetherspoons in the UK have announced a 3% higher profits than predicted (Caterer, 2007).

Marketing ● ● ●

Whilst bars and nightclubs tend to attract younger audiences the traditional pub is an establishment seen in the UK that bases its operation mainly in the local community with often a catchment area of no more than 5 mile radius. To counter that pub managers will often have a live music night or put together and advertise event nights such as Bingo nights or Karaoke nights.

Bars and nightclubs will often advertise in local newspapers and magazines as well as local radio and TV stations. Often a nightclub will have young people distributing leaflets when they attempt to advertise a big event. Similarly to a pub they will often have themed nights or a special attraction in an attempt to attract further audiences.

Activity 2

Look at the advertising section of your local newspaper. Choose one restaurant and one bar/nightclub advertisement. What are the common techniques used by restaurateurs to promote their establishments and what are those used by bar and nightclub owners?

Product and service styles ● ● ●

Bars and nightclubs will often feature an extended beverage and cocktail menu. The service in bars and pubs is always counter style service and in some nightclubs one may find table service or in the case of an event a butler style service. This style of service is common when a drink might be included in the entrance price and the customer might give a ticket whilst collecting a drink from staff passing around with a tray full of the specified drink. Pubs will often offer at least ten types of beer and or ale, often products from local breweries might feature in the menu, but today most pubs are owned by large companies that they rent the pubs out to owners who are then obliged to buy the products from the company's brewery.

Staffing ● ● ●

Bars and nightclubs will need to have well-trained bar staff behind the counter as often the volume of business is extremely

high and one barperson might have to serve one order per 1–3 minutes. The volume of business in pubs is not as high as in bars and nightclubs and as most punters will require beer the skills needed are not as demanding. Another staff consideration for bars and nightclubs is that of security. As insurance costs can be quite high often an operator will decide to outsource their security to a security company.

Technology • • •

We have already talked about the advantages of EPOS technology but together with advancements in beverage dispensing technology these types of operation that traditionally suffered loses from beverage spillage or theft can now pinpoint exactly what was sold when and by whom. Making it far easier to keep track of stock and reducing opportunities for theft. Wine cooling and dispensing technology has also advanced allowing the establishments to offer more wines by the glass without having to throw the unfinished bottle of wine within a few days. Recent technology in beer dispensing has allowed for extra cool beer to be dispensed and self-cleaning pipes for the beer dispensing system can reduce staff costs.

HOTEL RESTAURANTS AND PRIVATE CLUBS

Hotel food and beverage management may be described as one of the most complex areas of the catering industry because of the variety of catering outlets that may be found in any one hotel. The different types of catering services associated with hotels include the following: luxury haute cuisine restaurants, coffee shops and speciality restaurants, room and lounge service, cocktail bars, banqueting facilities and staff restaurants. (for banqueting and staff catering see Chapter 3). Additionally, some hotels will provide a catering and bar service to areas of the hotel such as swimming pools, and health complexes, discos and other leisure areas as well as often providing some vending facilities.

The type and variety of catering outlets in hotels will depend to a large extent on the size of the hotel. Small hotels of up to 30–40 bedrooms may have a licensed bar, and a restaurant which may offer a limited table d'hôte or à la carte lunch and dinner menu. A medium-sized hotel of up to 100 bedrooms would usually have a licensed bar and two restaurants; these may include a grill room/coffee shop offering a table d'hôte menu and a separate à la carte restaurant. The bar in this size of hotel may also offer a limited selection of snacks. Today, room service in these small- and medium-sized operations is limited; facilities for tea and coffee making within the room are more usually provided as an alternative. In the large hotels with several hundred bedrooms, the largest variety of catering outlets is found – the traditional haute cuisine restaurant alongside the more unusual speciality restaurant; lounge and cocktail bars; several coffee

shops, some offering a very limited selection of snacks, others offering more substantial menu items; and varying degrees of room service.

The different types of catering outlets in hotels depend not only on the size of the operation, but also on its nature and the market for which it is catering. A medium-sized resort hotel, for example, where a guest's average length of stay may be 2–3 weeks, may need to offer a variety of food and beverage facilities to cater for the guests' different and changing needs during their stay. A transient hotel, however, such as one situated near an airport where the guest's average length of stay may be one or two nights, may only need to provide comparatively limited catering facilities. As for the future demands for catering services in hotels, this is closely allied to the demand for hotel accommodation itself. The continually growing tourism industry both in the UK and abroad guarantees a future demand for some form of hotel accommodation to be provided for tourists, and with this a demand for food and beverage services.

Private gentlemen's Clubs feature the dining room a type of restaurant that pre-dates the member's only exclusive restaurant concept such as Mosimann's in London. It is worth mentioning as it educates us as to how the member only restaurants have evolved.

Hotel food and beverage outlets

In many hotels, the importance of the food and beverage department in operating an à la carte restaurant and a 24-hour room service, neither of which may be significant net profit contributors, is essential for the hotel to obtain a four or five star grading, with their input of service and facilities enabling the hotel to significantly increase its prices for accommodation. In so doing the hotel is more likely to be able to increase its total revenue and net profit figures. It should be noted that hotels have realized the lost potential of their restaurants the latest figures suggest that the food and beverage area is a substantial source of income for most hotels (Table 2.2) and two main options were followed by many hotel operators (Figure 2.7).

	UK	
Hotel revenue source %	2006	2005
Rooms revenue	57.3	56.6
Miscellaneous revenue	7.2	6.8
Food revenue	21.2	21.7
Beverage revenue	9.4	9.7
Other F&B revenue	4.9	5.2
Total F&B revenue	35.5	36.6
	100.0	100.0

Source: TRI Hospitality Consulting Hotel Report 2007

Table 2.2
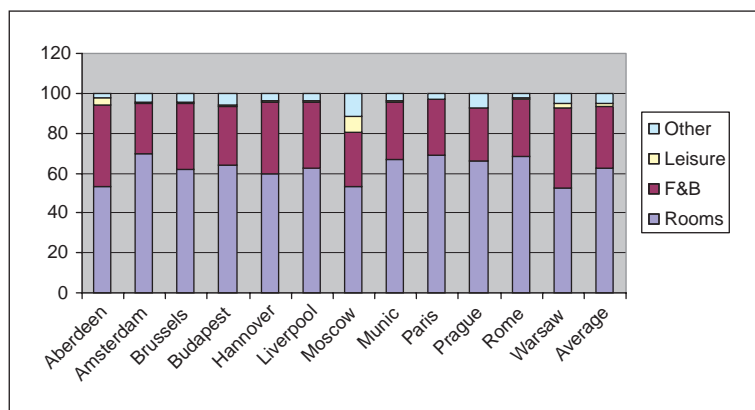Food and beverage as a percentage of hotel revenue

Figure 2.7
Departmental revenue
mix by city (*Source*:
Adapted from TRI
Hospitality Consulting
Hotels 2007)

The easiest one is that of outsourcing. With outsourcing the hotel simply rents the space of the restaurant to a management company who in turn create a product that is marketable not only to residents of the hotel but also the public. Catering companies have dedicated branches that specialize in restaurant outsourcing. For example, the Compass Group branch that specializes in outsourcing is Restaurant Associates. The second option for the hotel management is to re-vamp the restaurant themselves. This can be costly at first but the benefits can out-weigh the 'rent' received by outsourcing the space. For example, one of the greatest problems hotel restaurants faced is that their restaurants would be located in a middle floor and the customer would have to go through a reception and up an elevator to eventually find a restaurant with often overpriced and outdated menus. Many potential customers would walk by such hotels and not even consider attempting to try out the restaurant. The solution would be to have the restaurant at ground level with an entrance to the high street separate from the entrance the hotel residents might use. Updated menus that can compete with other high street restaurants are crucial as well as highly trained and motivated staff (Figure 2.8).

Financial implications ● ● ●

Generally speaking the average spend of customers in hotel catering outlets, is higher than in similar catering operations found outside a hotel. This is particularly evident with reference to the hotel's high ASP quality restaurants, but also in the less expensive outlets such as coffee shops; here the ASP of the hotel customer may again be higher than in comparable operations found, for example in a town's high street. The higher prices charged by these types of catering facilities result in higher sales per employee, and a higher revenue per trading hour. In fast-food operations with their lower ASP per customer, the long trading hours of these establishments are often necessary in order to achieve high volume sales. In the catering outlets of hotels similar long trading hours are not characteristic of

Figure 2.8 Radisson Edwardian Ascots Restaurant – London UK (*Source*: radissonedwardian.co.uk)

all the facilities; the lower ASP coffee shops may stay open for most of the day, but the higher ASP restaurants in the hotel, like the quality restaurants found outside, will only open for the lunch and dinner periods, approximately 3 hours and 4–5 hours, respectively. In the larger hotels some form of food and beverage service is generally available 24 hours a day and most of the catering facilities are usually open 7 days a week; quality restaurants situated outside the hotel, however, may only open 6 days a week. The catering policy of the hotel or quality restaurant in conjunction with the financial policy of the establishment will, however, determine the opening hours of the operation based on such information as revenue per trading hour, sales per employee per hour, etc.

Payment for food and beverages in hotels may be made in several ways. If customers are residents, the charges may be debited to their hotel account. Alternatively, payment may be made on a cash or credit basis. Generally speaking, the higher the price level of a restaurant, the more likely that credit facilities will be available. Some hotels and quality restaurants include a service charge in the price of their meal, while others leave it to the discretion of the customer. This is the sector of the industry where the practice of tipping is most commonly found and the 'trunc' system of sharing pooled by the employees.

Marketing • • •

The marketing policy of a hotel is very complicated because of its variety of catering outlets and the corresponding variety in the types of customers these facilities will attract; the customer

frequenting the hotel's coffee shop, for example, may not be the same customer to use the hotel's à la carte restaurant. The danger of catering for mixed markets within the same establishment must therefore be recognized and planned for accordingly. The marketing policy of a hotel may vary with different times of the year because it can see opportunities for marketing its catering facilities to different markets. A hotel in a coastal resort, for example, may cater largely for families and groups of tourists during the summer months, during which time its catering facilities may be well patronized. In the winter months, however, this market may no longer be available and the hotel may therefore alter its marketing policy and promote its catering facilities as part of banqueting and conference 'packages'. In this way the hotel's catering facilities may be utilized throughout the year without the danger of mixing its markets, and adversely affecting the hotel's total image, whilst also ensuring a consistent revenue and maximum utilization of the hotel's capital equipment.

A hotel's marketing policy will also contain its intentions with regard to its resident and non-resident markets. For example, is the hotel going to concentrate mainly on trade generated from within, that is, residents, or to what extent is it going to attempt to attract outside custom? Some hotels aim almost exclusively at the resident guest and may offer comparatively limited catering facilities, compared with those hotels seeking to also attract the non-resident customer by offering a wider range of catering outlets – restaurants, bars, banqueting facilities, etc.

'Crisscross' advertising is a technique available to hotels where there is more than one type of catering facility in the hotel; for example, the cocktail bar may use tent cards to advertise a special promotion week in the à la carte restaurant. Where the hotel is part of a large organization, inter-hotel advertising may be used which usually features the catering outlets of the group's hotels in the company sales literature which is distributed to all hotel units throughout the country, and sometimes abroad. It is also possible to advertise the food and beverage facilities of the hotel in conjunction with its other services; for example, a number of large hotel chains now offer 'bargain week ends', where for an inclusive price a guest may stay at the hotel for 2 or 3 days on *demi pension* or *en pension* terms. Gourmet and wine weekends may be offered during off-peak winter months. Discounts are given to hotel residents dining in the à la carte restaurant, a free bottle of wine is offered with the meal, or two meals for the price of one during the quieter weekdays. It is important therefore for all possible advertising techniques to be reviewed for the marketing of catering outlets, as they may often not only be marketed in isolation, but also may be advertised in conjunction with the establishment's other facilities such as accommodation.

Product and service styles ● ● ●

Hotel restaurants like fine dining restaurants still use mainly the partie system. Other production styles such as cook-chill and

sous-vide are making inroads into this previous bastion of hotel tradition, these inroads are mainly in specific areas, for example, function catering, where they may be used to complement the traditional methods rather than replace them.

The variety of food service styles used in hotels is dependent upon the different types of catering outlets in the establishment. In a small hotel, for example, where one restaurant is used for the service of all meals, and features table d'hôte menus for lunch and dinner, plated meals may be served to the guests by service staff. In a large hotel, however, with four or five different types of outlets, there can be a corresponding variety in the service styles. Breakfast service in the hotel, for example, can be on a self-service basis in the coffee shop, or waiter service in the main restaurant. For lunch and dinner the coffee shop can serve a limited selection of plated snacks and meals directly to customers at their table, and the outlet may also incorporate a self-service buffet or carvery. The hotel grill room or themed restaurant could feature a table d'hôte menu with plated meals, and the à la carte restaurant would offer silver service, both with waiter service. In addition to the main dining areas the hotel bar can offer a limited snack service and the hotel could also offer room service facilities; because room service is, however, a highly labour intensive and time-consuming method of food service, the majority of hotels offering room service today usually provide only a very limited menu selection, except for the large luxury establishments; the room service menus often containing some items from the main restaurant menu. This same variety of service styles is not, however, found in quality restaurants. This level of operation usually only offers a similar service style to that found in the à la carte restaurants of hotels, that is, silver service to the table.

Staffing ● ● ●

Staffing organization in hotels restaurants depends to a large extent on the size of the establishment and the level of service being offered; the larger the operation and the more staff employed, the greater the departmentalization and specialization of the catering personnel. In a small hotel with one restaurant offering a limited menu, there may be as few as five or six production staff and a similar number of service staff; this would constitute the catering department. In a large hotel, however, with a number of catering outlets, the catering department may consist of several hundred personnel. In the smaller hotel little staff hierarchy would be present; in the larger hotel a very clearly defined hierarchy would be identifiable for each catering outlet.

As the staff hierarchy in a catering operation increases, so does the specialization of the staff functions. The *head chef* of a large hotel may therefore have several *sous chefs* who would deputize in his absence, and under the sous chefs would be the *chefs de parties*; these are each responsible for the main sections in the kitchen – roast, vegetables, fish, larder, pastry, soup

and sauces, etc. The chefs de parties may have several *commis*, or assistant chefs, reporting to them, depending on the size of the section, and finally there can be a number of general apprentices working in the kitchen in any one of these sections. In the large kitchens organized on this traditional partie system, each section is quite autonomous; in smaller kitchens where less specialization is found, the kitchen staff may be required to perform a variety of tasks that would normally be associated with specific sections in a large production area. The head chef of a large kitchen is usually involved to a far greater extent with the administrative side of the operation, rather than in the physical preparation of meals. In a small establishment, however, the head chef is more involved in the production of restaurant meals, leaving the majority of the administration to the hotel owner or proprietor.

On the food service side of catering operations a similar staff hierarchy is found according to the size of the establishment. In a large operation, for example, the staffing organization for a lunch or dinner service in a quality restaurant serving 80 or more covers, from an à la carte menu, may be as follows: the restaurant manager or his assistant, one head waiter, two chef de rang, one wine waiter, one commis wine waiter, and three commis waiters. In a smaller operation, however, there may only be the restaurant manager or head waiter, and several assistants, with no separate staff hierarchy for beverage service.

Technology • • •

Hotel restaurant service has been changing dramatically as a result of new technology. A challenge that the industry faces is to provide a meal when and where the customer wants it, with guaranteed food safety and nutritional value, offering authentic recipes and customer specific engineered menus.

Guests give their order to a waiter holding a wireless POS the order is transmitted to the Kitchen, speeding service reducing errors, and increasing time spent by server staff with guests. The data from the handheld device, now in the restaurant's computer system, pass through an interface to the inventory and supply ordering software.

Wireless point-of-sale systems are ideal for difficult-to-wire environments such as pool areas, casino floors, leisure centres or common areas, as well as historic buildings and properties with large open spaces, providing point-of-activity revenue opportunities and new service offerings. Wireless pen-based terminals integrated with leading-edge restaurant systems can provide food and beverage facilities with breakthrough solutions that optimize efficiency, diminish lines and eliminate waits in a wide variety of hospitality applications.

Wireless customer pads enable customers to give feedback if they are dissatisfied before they leave the restaurant. Guest pagers that light up or vibrate mean that the hostess does not have to hail customers on a loudspeaker system. Pagers can alert waiting

staff when orders are ready in the kitchen. Guest initiated pagers alert servers when a table is ready to have their order taken, saving time and preventing unnecessary trips to the table. Restaurant processes such as order taking, payment processing, inventory control, wait-list management, valet parking, frequent diner program interface and other applications can dramatically increase productivity, reduce costs and improve customer service.

In addition, the introduction of new technologies in Room Service has also allowed greater flexibility. Room service staff can be supplied with internal phones that allow them to be in constant contact with food, beverage and banquet personnel, while roaming throughout the property. The productivity enhancements and responsiveness by re-directing staff to deliver and/or pick up food service orders while being mobile are phenomenal. By installing a wireless transmitter, hotels can provide Internet connectivity to sales people who happen to entertain customers in the hotel restaurant or even to guests who may wish to use their laptops.

New accounting software interface direct with POS systems, enabling credit card authorization and payment, storing customer information for future use and providing up to date reports for managers. Specialized software can analyse profitability, productivity, costing, and realization at multiple levels from company-wide to the individual client or staff member. Tax, Social Security and statistical updates can also be automated and payroll software can maximize payroll processing productivity and enhance profits.

POS and Sales and Catering systems (S&C) have provided new management and accounting tools. Accounting software can print reports that enable the accounting office to spot costs and trends. Managers can visualize better and faster where money is coming from and tactical decisions can be made faster and safer. Computerized systems identify true food and beverage expenses much faster than with systems that do not utilize information technology, and save time in accounting and food and beverage management.

Time and money saved in accounting processes can be invested in training staff or bettering products and services

Dining rooms

Private Gentlemen's Clubs are organizations that resemble hotels but in order for a customer to use their facilities they have to become a member. Often the organization is so exclusive that a 2 year waiting list is a common phenomenon amongst the more exclusive clubs. In such organizations the restaurant often takes the form of a dining room which keeps the traditions of the old fine dining restaurants whilst offering a high quality product at lower prices than their high street counterparts (Figure 2.9).

Financial implications • • •

These restaurants often offer lower prices on their menu as they are subsidized by the membership fee. Often they are there
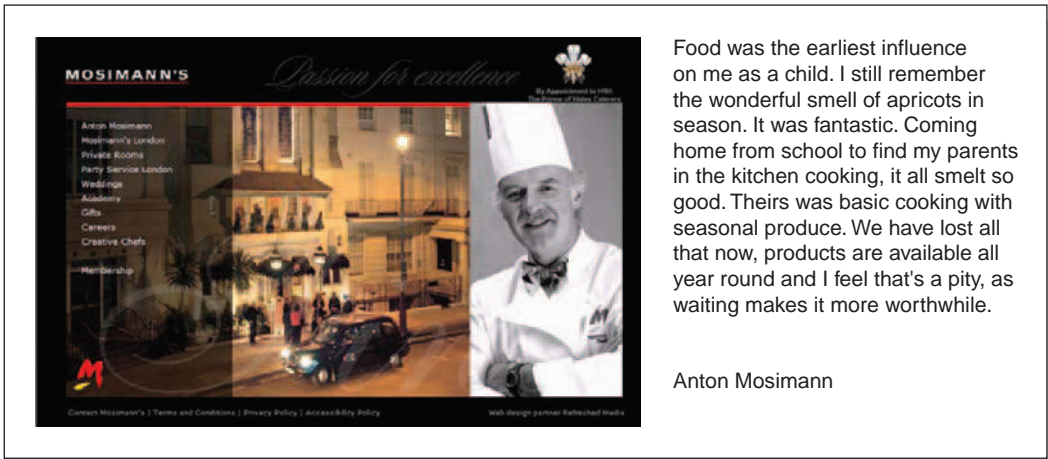
Food was the earliest influence on me as a child. I still remember the wonderful smell of apricots in season. It was fantastic. Coming home from school to find my parents in the kitchen cooking, it all smelt so good. Theirs was basic cooking with seasonal produce. We have lost all that now, products are available all year round and I feel that's a pity, as waiting makes it more worthwhile.

Anton Mosimann

Figure 2.9 Mosimann's private dining – London UK (*Source*: mosimann.com)

simply to offer the service to their members and may not function as a profit making outlet. Considering that these types of restaurants still have labour costs to cover and the fact that they may not offer services to the public they more often make a loss than break even.

Marketing • • •

Private clubs often have their own newsletters or magazines and they will advertise their new menu in those or have notices of a special menu around the premises of the club and in the bedrooms if they offer accommodation. Apart from in house marketing there is not much more they can do to attract the business due to the restrictions imposed in them by the clubs regulations. However, sometimes clubs will allow members of other clubs to use the facilities. Those clubs are known as reciprocal clubs and often are allowed to advertise their services in the reciprocal clubs magazine.

Product and service styles • • •

The product is often of a fine restaurant standard and these are establishments were one would expect to find full silver service and flambé, a Carving Trolley and Cheese or Dessert Trolleys. The menu tends to be restricted however and more often is a Table d'hôte as the low volume of business may not allow for an extended à la carte menu. A well-stocked cellar is often the pride of such establishments and an extended wine list is not uncommon.

Staffing • • •

Customers would expect to find the same hierarchy that is found in a fine dining restaurant. Members Clubs tend to have a smaller team and the environment and pace of business tends to be more relaxed than in a hotel. Unlike a corporate hotel clubs

enjoy almost 100% repeat business. As members join they will tend to use the facilities a number of times over a year, staff will often know customers by name. A more relaxed atmosphere and a closer, smaller team reinforces club loyalty which can result in lower staff turnover.

Technology • • •

Often there is limited investment in technology in such dining rooms and although in the kitchen one might find some of the latest equipment in the front of house a basic EPOS will be considered a luxury.

FAST FOOD

Fast food may be defined as that sector of the catering industry primarily concerned with the preparation and service of food and beverages quickly, for immediate sale to the customer. McDonalds, Burger King, KFC and Wendy's are some of the better known fast-food operators.

Although differing from one another in certain aspects, these catering outlets have a number of characteristics which are common to all these types of operations – they offer a limited menu range; the operation tends to focus around one product, namely burger, pizza or chicken. These operations cater mainly for the relatively lower average spend markets with lower prices being charged than those found in other food and beverage establishments; there is a low ratio of service staff to customers with many of these operations being a form of self-service; consumption of the food may be on or off the premises; less rigid meal times are observed by these establishments, with some form of menu usually available throughout the day; and finally, all aspects of the operation are highly standardized, leading to a high volume throughput with resulting economies in food, labour and other operating costs (Figure 2.10 and Figure 2.11).

Sandwich bars

Sandwich bars are fast-food outlets that their main product is sandwiches. They often provide fruit juices and other refreshments and they may venture into the sales of hot beverages. According to Mintel Report (2007) the sandwich showed a 23% increase from 2002 and is now worth over £4 billion. This strong growth

McDonald's brand mission is to 'be our customers' favorite place and way to eat.' Our worldwide operations have been aligned around a global strategy called the Plan to Win centering on the five basics of an exceptional customer experience – People, Products, Place, Price and Promotion. We are committed to improving our operations and enhancing our customers' experience.

Figure 2.10 McDonald's brand mission (*Source*: mcdonalds.co.uk)

Figure 2.11 Burger King website (*Source*: burgerking.co.uk)

has been driven by the introduction of specialist sandwich bars, as well as a focused innovation and new product development. A possible threat to future growth is the growing competition from other snack style foods and lunch options such as soups, sushi and other convenience foods. On the plus side, the sandwich supply structure continues to expand, thus widening the locations where sandwiches can be purchased. With UK consumers continuing to work long hours and take shorter lunch breaks than their European counterparts the sandwich fits in well with such a lifestyle.

When McDonald's first bought a high share in Prêt A Manger, (http://www.pret.com) a UK-based chain of Sandwich Bars, food and beverage managers around the world realized that sandwich bars have stopped been a mere 'pawn' in the 'Chess board' of food and beverage management. Consumers were looking out for a healthier option and they found it in the marketing promises of sandwich bars.

Retail operations such as supermarkets have ventured into sandwich bars and it is not uncommon to see them in your local Asda, Tesco, BiLo, Wal Mart, etc.

Financial implications • • •

Sandwich bars, rely on high turnovers and the fact that they have very low fixed costs. In some cases extra income may

arrive from the sale of hot and cold beverages but the main focus remains the sandwich or baguette.

Depending on the type of operation, goods can be perishable often expiring within a few days of packaging therefore it is important to ensure high sales of the items. The average spend can range from £3 to £5 with food cost at around 20–30% and minimum labour, a sandwich bar can be a very profitable operation that involves relatively low startup costs.

Marketing • • •

Some operations will have a Unique Selling point which might be the freshness of the product or the speed of service or the spirit of hospitality and ethics in the organization. Often organizations will attempt to communicate the essence of their business to stake holders through the use of a mission statement, sometimes the unique selling point of the organization may appear in the mission statement as well. For example, in the Pret A Manger mission statement (Figure 2.12) one can see their unique selling point as the freshness of the ingredients and their passion for food. Sandwich bars will market their product to a huge range of market segments and they are generally placed on a high street or strategic points were there are a high number of people passing by.

Product and service styles • • •

Some operations will place the importance on the quality of ingredients or range of ingredients available. Outlets may have pre-packaged products on sale or prepare products on order. Generally speaking the smaller operations which cannot guarantee a high volume of sales every day will opt for the customized option, whilst larger operations will tend to have a high number of pre-packaged products, although product customization will still be a choice available to their customers.

Although traditionally convenience foods have been used in those type of operations, consumer awareness has generally steered such type of operations to more healthy options. How much convenience food is to be used and when can be the key to a successful operation as often the kitchen space available may only be a counter and the 'Kitchen' is really nothing more than a finishing kitchen. Often big sandwich chains will have centralized Kitchens were they prepare and even assemble the finished product for distribution to the various outlets. Portion control and costing is of paramount importance as the net profit per sandwich sold is minimal so production

PRET: creates hand made natural food, avoiding the obscure chemicals, additives and preservatives common to so much of the 'prepared' and 'fast' food on the market today.

Figure 2.12
Pret mission statement
(*Source*: pret.com)

can be highly standardized. Equipments used are minimal and might involve a toaster or sandwich grill whilst refrigeration space is a must for every sandwich bar.

Service styles tend to be either counter service or self-service. Speed of service is extremely important especially at the peak times which is very likely to be around lunchtime. Some operations will offer seating space with different pricing for eating in or taking away.

Staffing • • •

Staff levels are kept to a minimum. Depending on the size of operation there can be one or two members of staff behind a counter. It is not uncommon for small establishments to only have one member of staff per shift, who may be both producing the end product and serving the customer. It is often the case that one staff member may serve a few hundreds of customers per day. Staff to customer contact time is extremely limited.

Technology • • •

Bar code and scanner technology is not uncommon in established sandwich chains. The technology speeds up service dramatically enabling servers to deal with even more customers per hour. EPOS systems are also used as sandwich bars now analyse their peak times, service levels and even waiting times of customers to ensure faster and better service to their customers. Product popularity can also be tracked and analysed a helpful tool especially when new products are introduced. Stock control software is also extensively used as it can help reduce costs. Really high-tech sandwich bars with seating capacity may offer WIFI connection.

Popular catering (pizza/steak houses/bistro/brasserie, etc.)

These types of outlets have many similarities to fast-food outlets and although they could be categorized as such they often offer full table service and that alone can be considered a reason enough to slightly distinguish them from fast-food type outlets.

Although differing from one another in certain aspects, these catering outlets have a number of characteristics which are common to all these types of operations – their menu is focused around a certain product, for example, pizza (Pizza Hut) or chicken (Nandos, KFC), or offer a limited range of products. The food and beverages sold are of a consistent standard and quality with a high percentage of convenience and pre-cooked foods being used (Figure 2.13).

These operations cater mainly for the relatively lower average spend markets with lower prices being charged than those found in other food and beverage establishments; there is a low ratio of service staff to customers with many of these operations being a form of self-service; consumption of the food may be on or off

the premises; less rigid meal times are observed by these establishments, with some form of menu usually available throughout the day; and finally, all aspects of the operation are highly standardized, leading to a high volume throughput with resulting economies in food, labour and other operating costs.

Financial implications • • •

Popular catering establishments have a number of characteristics which enable their particular business orientation to be identified. Relatively speaking, they do not require such a high initial capital outlay (relative to other sectors of the industry), nor a high percentage of fixed costs, although they do normally have a higher percentage of variable costs. Although the products offered for sale by these establishments are perishable, they are not as perishable as similar food and beverage products offered by other types of catering establishments; this is mainly due to the high level of convenience foods used by popular catering outlets, and the fact that often most of the foods are 'cooked to order' and do not have to be prepared sometime in advance; also because the products are not so highly perishable, these operations do not suffer from such sales instability as do hotels, for example, and they therefore have a lesser degree of dependence on market demand. All these factors contribute to making the fast food and popular catering operations both cost-orientated (to control costs tightly) and market-orientated (to ensure the volume of business in a very competitive sector of the industry).

In these lower average spend operations, the cost of the meal to the customer is an important variable in determining the sales of the operation; because fast food and popular operations demonstrate a very elastic demand, an increase in an establishment's prices of, for example, 10%, is likely to have a substantial effect on its sales. Variable costs in fast-food operations account

for a large part of the product's selling price and the range of price discretion is consequently low. The prices charged by these establishments must therefore be carefully calculated, particularly in relation to competitors' pricing levels. The average spend per customer can be relatively low, ranging from £10 to £20 although these relatively low average spends are compensated by the volume sales achieved.

The financial policies of such operations would include the envisaged profitability of the establishment and the way in which it may be achieved, by controlling costs, balancing selling prices against volume sales, determining the profit margins on the food and beverage items, etc.

Marketing • • •

The marketing policy for the modern popular and fast-food organization is the key to success in this sector of the industry. A study of many of these organizations provides an outline to the marketing policy which may be discussed under the variables of product, promotion, place, price, process, physical evidence and participants. We approach these marketing variables in more detail in Chapter 9 of this book.

Product and service styles • • •

The products sold by popular catering operations are highly standardized and portion controlled, particularly in take-away operations. The larger organizations, such as Pizza Hut, have vertically integrated their supply chains, controlling food production through to product sales, ensuring total product control and specification. Other companies may buy in pre-prepared and packaged products from the food manufacturers and sell them directly to the customer, for example, pre-wrapped pies, biscuits, butter, etc. In this situation the fast-food operation closely resembles a retail trading outlet in which it has bought from the wholesaler and is selling to the customer without altering the product in any way.

This is a particularly useful way for an operation to increase its menu range without increasing the work load on the kitchen staff or requiring additional space or equipment to prepare a menu item with fresh produce.

The menu as a sales tool is important in any food and beverage operation, but is particularly so in these types of operations where staffing levels are reduced to a minimum and the operation's only vehicle for selling its products is via its menu and visual displays. In situations such as takeaways where contact time with the service staff is minimal, the menus are featured very prominently, usually with pictorial representation of the dishes.

In these operations it is not so much a question of whether or not to use convenience foods, but of those available which ones to use and to what extent. The amount of convenience foods used by an establishment will depend on a number of factors: the cost of buying in manufactured foods compared with the

cost of producing the same products on the premises; the standard of food that the establishment wishes to offer; the variety of menu items to be offered; whether the additional costs of buying manufactured foods is offset by savings in production and labour costs, etc.

Staffing • • •

Staffing levels are, where possible, kept to a minimum. The ratio of service staff to customers is dependent upon a number of factors which include the type of establishment, the range of menu items, and the prices charged. The labour intensity of an operation is particularly related to its price level; broadly speaking, the higher the price of the meal to customers, the more service they expect to receive. The staff to customer ratio increases as the operation becomes more sophisticated so that in waiter service establishments, for example, one waiter may only serve 12 to 16 customers.

Technology • • •

Apart from the advancements in EPOS and production technologies that is mentioned in previous sections its worth mentioning the use of the Internet that has enabled smaller businesses to use this new and exciting medium for marketing efforts. Restaurants of various sizes around the world have seized the opportunity by creating websites. These can range from simple information 'electronic billboards' sites to more interactive websites where customers can book seats in the restaurant online. Websites are just one piece of the overall marketing strategy that can help operators realize some of their business goals. Innovative and cohesive websites combined with other online tools such as, mail list, newsletters, and auto-responders, can generate a high degree of visibility for a company that is necessary to increase sales or business to business contacts (Figure 2.14).

Takeaway and home deliveries

The take-away, or take-out service as it is more commonly known in the US, is a method of food service that exploits to the full the concept of 'fast foods'. The products offered by these establishments are highly standardized, as are most of the features of the operations – service, sales control, product packaging, etc. The take-away operation offers a limited basic menu to the customer, but within this menu there may be a number of variations on the basic items. These operations aim to achieve volume sales by offering low- to medium-priced foods, and they have become a popular segment of the food and beverage market because they fill a need for a quick snack or meal.

The time between customers placing orders and receiving their meals, aims to be faster than any other method yet discussed; some operations aim for a 30 second service time. The customer may either take the food out of the takeaway to eat, or
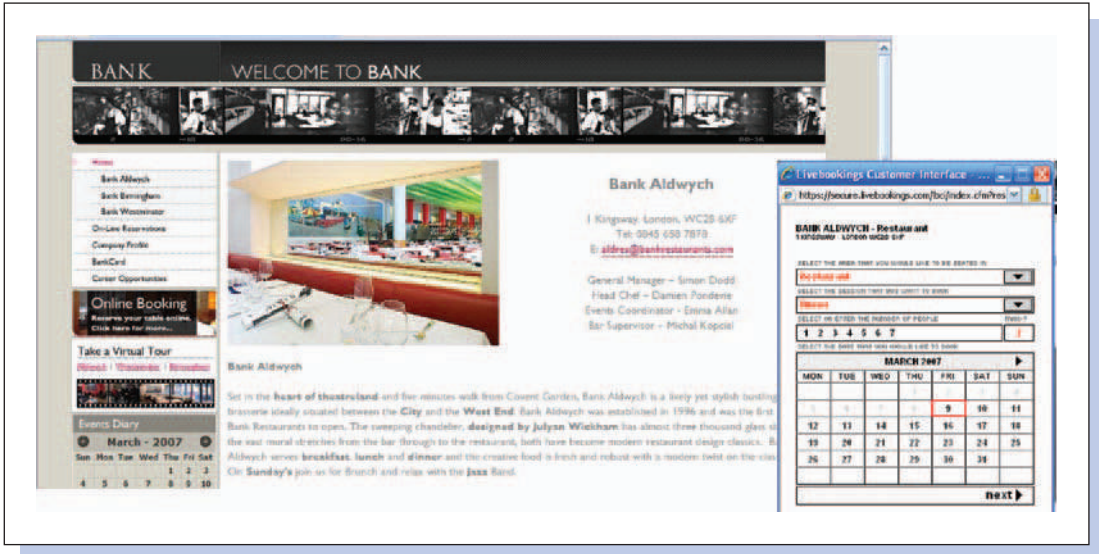
Figure 2.14 Bank Restaurant website showing online booking facility

it may be consumed on the premises; a large number of so-called 'take-away' outlets now provide very extensive seating areas, often for more than several hundred.

A number of take-away restaurants would also offer a Home delivery service. The practice, traditionally linked to Pizzas expanded to Indian and Chinese and even sit in restaurants. Home delivery is one of the upcoming markets as it is predicted to have a high growth in the UK in the next few years (Table 2.1).

Financial implications ● ● ●

Traditional restaurants tend to be limited by the number of seats in their facility, a takeaway or home delivery restaurant however, can capitalize on the fact that the faster they produce and deliver food the higher the earnings. Average spend can range from £2 to £8 depending on the type of takeaway and for home deliveries average spend tends to be in the range of £8 to £12.

Marketing ● ● ●

Because take-away outlets aim for a high rate of customer turnover, their situation in relation to their markets is crucial; they are usually found in high streets and main shopping centers where they have a high percentage of passing trade. Although the ASP of customers in takeaways may be considerably lower than for some of the other food service methods discussed, this is compensated by their high rate of customer throughput.

Home delivery operators tends to spend most of their marketing budget in leaflets that they distribute in houses in their catchment area. Apart from the menu itself, other typical information

will include operating hours and contact telephone numbers although increasingly operators will accept orders via email or their website. As the majority of consumers will consider such menus junk mail, increasingly the use of the website will be paramount and the operators will revert to using business card style leaflets to draw potential customers to their website portal.

Product and service styles ● ● ●

Today there is a wide selection of products that takeaway can offer for sale; the growth of the traditional fish-and-chip shops has now taken second place to the other types of foods now offered – hamburgers, pizzas, Chinese, Indian and Mexican food, to name a few (see Table 2.1). Menu is normally limited to allow for either pre-cooked goods that can be easily reheated and served to customers or batch cooking which can be an efficient production for a busy high street takeaway. Even fish-and-chip shops will often batch cook a number of portions and keep in a hot plate especially in busy times of the business.

Self-service is therefore a method of food service in which customers collect their own food from some form of service counter, in return for which they pay a lower price for the meal than they would, for example, in operations offering a waiter service. In self-service operations payment for the meal is made either before the meal, for example, in vending operations or after the meal as in some cafeterias.

In the industrial sector of the catering market this method of food service has become firmly established; in the majority of cases people's main meal is in the evening, so that they only require a snack-type short lunch which a self-service operation can adequately provide. In the welfare sector this utilitarian method of food service is also used extensively, leaving the more leisurely dining to that part of the day which is not associated with work.

Staffing ● ● ●

A take-away restaurant focuses its labour expenditure mainly in production staff with just one person serving the customers; often the same person may prepare some easy menu items such as salads. In the case of Home delivery the person in the counter will also take any calls and allocate orders to the delivery staff. The number of delivery staff will vary with the volume of business but a good home delivery restaurant would need at least three delivery staff to be able to deliver orders on time.

Technology ● ● ●

Increasingly home delivery restaurants are utilizing database software, so once a customer has made a call their address and phone number is stored so that the next time they call the call receiver knows correct address customer menu preferences and past purchases. Innovation in credit card and Internet technology

has allowed for orders to be made via the Internet enabling the operation to be more efficient.

Coffee houses and Tea rooms

Coffee houses often feature large comfortable sitting areas were customers may purchase hot beverages and cold snacks for consumption primarily in house. Often to take away. In the US from late 1950s onward, coffee houses also served as a venue for entertainment, most commonly folk performers, especially since young audiences are not allowed entry to bars until the age of 21. For example, Bob Dylan began his career performing in coffee houses. A Coffee house is not to be confused with the term Café. In the US the term is used to describe a small restaurant whilst in France a café may sell alcoholic beverages. In the UK the coffee shop market has evolved rapidly since the 1990s and is now a major market with Starbucks leading the way but brands such as Costa and Nero following the example.

Tea rooms are found mostly in Britain and tend to be small businesses that offer a variety of teas as well as scones, pancakes and other cakes. Tea rooms can also be found in countries such as Australia, India and New Zealand and generally countries that have been in some way influenced by the UK. Although the traditional tea room is beyond its maturity stage, tea consumption is on the increase particularly with herbal and aromatic tea varieties, and the concept might find a revival in future years.

Financial implications • • •

Coffee houses in the US according to Mintel (2005) the market experienced 157% growth between 2000 ($3,258 million) and 2005 to reach some $8,372 million. Over the next 5 years sales are expected to grow by a further 125% to reach an impressive $18,839 million by 2010. This is over twice the growth rate seen in the British coffee shops market which is not as established as in the US.

The total number of coffee shops in the US increased by 70% between 2000 and 2005, bringing the total to a staggering 21,400 or one coffee house for every 14,000 Americans. According to Mintel (2005) the number of shops could well continue to rise until there is a coffee shop for every 10,000 Americans.

In the UK, the market is worth over £700 million (see Table 2.3) and forecasts suggest a growth well into 2011 although the market would soon reach maturity stage.

Tea rooms today, are not a significant market in terms of financial implications but they worth a mention from a cultural point of view.

Marketing • • •

The market for coffee shops today is highly segmented. From business people conducting meetings to mothers with toddlers during the day and young people during the weekends it is a

Year	2005 prices £m	Index	At 2006 prices £m	Index2
2001	305	45	355	53
2002	375	56	420	62
2003	450	67	489	72
2004	530	79	561	83
2005	610	90	627	93
2006	675	100	675	100
2007	736	109	716	106
2008	801	119	760	113
2009	874	129	806	119
2010	948	140	848	126
2011	1,023	152	890	132

Source: Mintel

Table 2.3

Market size and forecast of branded coffee shops

product that has attracted such a wide market that it can be hard to distinguish one significant market segment. As coffee shops tend to be opened by a chain, the brand increasingly becomes a prime criteria for consumers when choosing which coffee shop to select.

The tea room market tends to be elderly customers although tea rooms are often seen as a tourist attraction by tourists of all ages.

Product and service styles • • •

The main product is the large variety of types of coffee that the consumer can find in a coffee shop. Apart from the large variety of coffee beans that each shop may feature there can be a variety of products that all are made using the same coffee bean. For example a latte a cappuccino and an espresso can all have the same coffee as the base ingredient. A typical coffee shop menu will feature 10–15 types of coffee and other hot beverages such as tea or hot chocolate. Often the shops may sell their own brand of coffee beans for consumption at home.

Interestingly Starbucks, the global leader of the coffee shop, is diversifying by selling hot food rather than cold snacks. If other brands follow suit the coffee shop concept will be reinventing itself and we may well see a number of coffee shop chains mutating into the café concept often found in France.

Counter service is now a norm in most coffee shops although some privately owned may still offer table service. On the other hand with tea rooms table service is the norm or a combination of counter and table service, where by the customer gives the order over the counter and the product is served at the table.

Staffing ● ● ●

Coffee shops depending on their size will have two or more baristas. A barista is a counter clerk and the word derives from the Italian word for bartender. As the quality of the hot beverage is affected by the skills of the barista it is very important for all staff to be properly trained in the use of the equipment. High street coffee shops tend to have their busiest times during morning hours and the lunch period so the coffee shop manager would have to take that in consideration when creating the rotas.

As most tea houses tend to be family owned businesses the staff tend to be members of the family, in the UK tea houses tend to get busier during the summer months and weekends when tourists would visit the destination but often seating space is so limited that the necessity for extra staff would not normally arise.

Technology ● ● ●

EPOS systems have enabled coffee houses to deal with higher volumes of costumers and better stock control. Even more importantly the advancement of coffee dispensing technology has enabled coffee shop chains to be able to deliver consistent quality of their beverages throughout their branches. The technology however is not yet that far advanced that can deliver a complete finished product and well-trained baristas are still a must.

Summary

In this chapter we explore:

- Food and beverage outlets, focusing in restaurant outlets.
- Activities and type of operations in the food and beverage management.
- Restaurant guides.
- Fine dining and catering in bars, nightclubs and pubs.
- Hotel restaurants and private dining rooms as well as the fast-food sectors were explored highlighting the intricacies of each sector.
- Key differences between types of operations looking at areas of finance, marketing, production and service.
- Differences in the sourcing of staff and the use of technology.

Further study options

Case study: What type of outlet?

Derek always daydreamed about opening his own little restaurant but he had no idea about how to run one let alone where to begin. When he won the lottery he decided that this

was the time for him to start his little dream and he decided to go back to the village that his parents lived.

The village has about 5,000 inhabitants and is only 20 minutes by car from a large city. It already has two takeaways and three small restaurants that are doing ok. All three restaurants are mid ranged. A fine dining restaurant opened 3 years ago but it closed after 1 year. There is also a pub in the village that offers a limited menu during lunch period.

Derek is unsure as to what type of property he should open. Money is no object to him now that he won the lottery but he also does not want to invest to an enterprise that is going to loose money for certain.

What would you advise Derek to do next?

If you were Derek what type of operation would most likely attempt to open? Why?

Review questions

1. What are the key differences between a Fast-food operation and a fine dining restaurant?
2. Describe at least two different service and production styles that you would come across in different operations.
3. What is an EPOS and in which type of operations might it be a necessity and in which a luxury.
4. List the key differences in the six operating areas (FMPSST) between a coffee shop and a dining club.

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