The provision of food and beverages away from home forms a substantial part of the activities of the hospitality industry and, indeed, of the economy as a whole. Like the industry of which it is a major part, food and beverage operations are characterized by their diversity. Outlets include private and public sector establishments and range from small independently owned and operated units to large multinational corporations managing global brands and from prison catering to catering in the most luxurious hotels in the world.

It is however very difficult to get hold of consistent statistics about the hospitality industry and about food and beverage operations as there is no one single definition of what the boundaries of the various industry sectors and subsectors are and therefore what should and should not be included.

Activity 1
Before you go any further with this chapter, write down 10 different occasions when you might eat out of the home and attach a different business to each occasion. For example, taking my girl/boyfriend out to celebrate their birthday – The Ivy, popping into town at lunchtime for a sandwich and a coffee – Pret A Manger, and so on.
SIZE AND SCOPE OF FOOD AND BEVERAGE OPERATIONS

If the hospitality industry is considered to cover all undertakings concerned with the provision of food, drink and accommodation away from home, this will naturally include all food and beverage outlets. In other words, food and beverage provision is simply one element of a broader hospitality industry. In conceptual terms, this raises few problems except possibly with take-away food establishments where in some cases the food may be taken home for consumption even though it is prepared and provided away from home. In practice, however, there are a number of difficulties in considering the hospitality industry as embracing all food and beverage establishments and outlets. This arises because, following a number of official and commercial attempts at definition, the hospitality industry is often considered to have a much narrower scope. The official definitions have excluded many food and beverage outlets. For example, the Standard Industrial Classification (SIC, 1992) gives hospitality a reasonably broad coverage as shown in the Table 1.1, but even here parts of employee and welfare catering are either omitted or included in other sectors. This book adopts the broadest possible approach, aiming to consider all types of food and beverage operation wherever they may appear.

Table 1.1 provides the latest figures on the size and scope of the UK hospitality industry available from UK government sources. The figures are based on a definition based on the SIC 1992, which will be discussed in more detail later.

The data show a pattern of fairly consistent growth across the industry for the first few years of the 21st century. In terms of numbers of businesses, with the exception of the hotel and motel sector, all other sectors have grown substantially, with the restaurant, cafés and take-away sector in particular growing by around 10% over these 4 years. The hospitality industry as described here has a total of nearly 127,000 separate businesses.

Looking at turnover provides a slightly different picture of the make up of the total of over £70,000 million. For example, hotels and motels show an increase in turnover from 2002 onwards even though the number of businesses has declined. This suggests...
Introducing food and beverage management

Table 1.1
Size and scope of the hospitality industry

<table>
<thead>
<tr>
<th>Number of businesses</th>
<th>SIC 92 Code</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels and motels</td>
<td>55.11 and 55.12</td>
<td>10,890</td>
<td>10,800</td>
<td>10,535</td>
<td>10,416</td>
</tr>
<tr>
<td>Camping sites, etc.</td>
<td>55.21 and 55.23</td>
<td>3,928</td>
<td>4,175</td>
<td>4,370</td>
<td>4,702</td>
</tr>
<tr>
<td>Restaurants, cafes, takeaway food shops</td>
<td>55.30</td>
<td>52,633</td>
<td>54,340</td>
<td>55,475</td>
<td>57,667</td>
</tr>
<tr>
<td>Pubs, bars and licensed clubs</td>
<td>55.40</td>
<td>46,320</td>
<td>47,914</td>
<td>47,475</td>
<td>48,146</td>
</tr>
<tr>
<td>Canteen operator, catering contractor</td>
<td>55.51 and 55.52</td>
<td>5,217</td>
<td>5,485</td>
<td>5,636</td>
<td>5,765</td>
</tr>
<tr>
<td>Total</td>
<td>55.00</td>
<td>118,988</td>
<td>122,714</td>
<td>123,491</td>
<td>126,696</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Turnover (£ million)</th>
<th>SIC 92 Code</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels and motels</td>
<td>55.11 and 55.12</td>
<td>12,047</td>
<td>11,824</td>
<td>12,172</td>
<td>13,009</td>
</tr>
<tr>
<td>Camping sites etc.</td>
<td>55.21 and 55.23</td>
<td>2,220</td>
<td>2,631</td>
<td>3,032</td>
<td>3,616</td>
</tr>
<tr>
<td>Restaurants, cafes, takeaway food shops</td>
<td>55.30</td>
<td>18,323</td>
<td>18,843</td>
<td>20,145</td>
<td>21,726</td>
</tr>
<tr>
<td>Pubs, bars and licensed clubs</td>
<td>55.40</td>
<td>19,163</td>
<td>20,681</td>
<td>21,392</td>
<td>24,481</td>
</tr>
<tr>
<td>Canteen operator, catering contractor</td>
<td>55.51 and 55.52</td>
<td>5,985</td>
<td>6,624</td>
<td>6,670</td>
<td>7,382</td>
</tr>
<tr>
<td>Total</td>
<td>55.00</td>
<td>57,738</td>
<td>60,603</td>
<td>63,412</td>
<td>70,216</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment (Thousands)</th>
<th>SIC 92 Code</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels, motels and camping sites, etc.</td>
<td>55.1/55.2</td>
<td>370</td>
<td>365</td>
<td>369</td>
<td>379</td>
</tr>
<tr>
<td>Restaurants, cafes, takeaway food shops</td>
<td>55.30</td>
<td>509</td>
<td>547</td>
<td>575</td>
<td>594</td>
</tr>
<tr>
<td>Pubs, bars and licensed clubs</td>
<td>55.40</td>
<td>525</td>
<td>531</td>
<td>540</td>
<td>558</td>
</tr>
<tr>
<td>Canteen operator, catering contractor</td>
<td>55.50</td>
<td>256</td>
<td>265</td>
<td>267</td>
<td>267</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>1,660</td>
<td>1,708</td>
<td>1,751</td>
<td>1,798</td>
</tr>
</tbody>
</table>

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either a consolidation of the sector with a smaller number of larger businesses or that each business is showing much better performance. The reality is probably somewhere between the two. The restaurant and pubs, bars and clubs sectors have shown very strong growth in turnover and can be seen to be the dominant sectors of food and beverage operations as a large part of hotel turnover is dependent on room sales. The canteen and contract catering or contract food service sectors have also shown strong growth.

In employment terms, restaurants are easily the largest sector, closely followed by pubs, bars and clubs, with the hotel sector growing more slowly, and the contract food service sector holding steady.
The figures given in Table 1.1 come from the UK government and are based on the SIC, 1992. For analytical purposes, economically similar activities may be grouped together into ‘industries’, for example, into agriculture, motor vehicle manufacture, retail distribution, catering and national government service. A system used to group activities in this way is described as an ‘industrial classification’. Such a classification usually starts with a small number of broad groups of activities that are then subdivided into progressively narrower groups so that the classification can be used with varying amounts of detail for different purposes.

The first comprehensive SIC for the United Kingdom was issued in 1948. The classification has been revised on many occasions and in order to comply with EU data standards, the SIC was redrawn in 2007 and the new classification scheme will come into effect at the beginning of 2008. While the old SIC had only four main groups: hotels and other accommodation; restaurants, cafes and takeaways; pubs, bars and clubs; and canteens and contract catering, the new scheme as shown in Table 1.2 is much more comprehensive. There is a lot of information here but it is worth looking in some detail at the various headings to understand the differences between the different classifications.

### Section I Accommodation and food service activities
This section includes the provision of short-stay accommodation for visitors and other travellers and the provision of complete meals and drinks fit for immediate consumption. The amount and type of supplementary services provided within this section can vary widely.

This section excludes the provision of long-term accommodation as primary residences, which is classified in real estate activities (section L). Also excluded is the preparation of food or drinks that are either not fit for immediate consumption or that are sold through independent distribution channels, that is through wholesale or retail trade activities. The preparation of these foods is classified in manufacturing (section C).

#### 55 Accommodation
This division includes the provision of short-stay accommodation for visitors and other travellers. Also included is the provision of longer term accommodation for students, workers and similar individuals. Some units may provide only accommodation while others provide a combination of accommodation, meals and/or recreational facilities.

This division excludes activities related to the provision of long-term primary residences in facilities such as apartments typically leased on a monthly or annual basis classified in Real Estate (section L).

#### 55.1 Hotels and similar accommodation

#### 55.10 Hotels and similar accommodation
This class includes the provision of accommodation, typically on a daily or weekly basis, principally for short stays by visitors. This includes the provision of furnished accommodation in guest rooms and suites. Services include daily cleaning and bed-making. A range of additional services may be provided such as food and beverage services, parking, laundry services,
Introducing food and beverage management

swimming pools and exercise rooms, recreational facilities as well as conference and convention facilities.

This class includes accommodation provided by hotels, resort hotels, suite/apartment hotels and motels. This class excludes the provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis, see division 68.

55.2 Holiday and other short-stay accommodation
55.20 Holiday and other short-stay accommodation

This class includes the provision of accommodation, typically on a daily or weekly basis, principally for short stays by visitors, in self-contained space consisting of complete furnished rooms or areas for living/dining and sleeping, with cooking facilities or fully equipped kitchens. This may take the form of apartments or flats in small free-standing multi-storey buildings or clusters of buildings, or single storey bungalows, chalets, cottages and cabins. Very minimal complementary services, if any, are provided. This class includes accommodation provided by children's and other holiday homes, visitor flats and bungalows, cottages and cabins without housekeeping services, youth hostels and mountain refuges. This class excludes provision of furnished short-stay accommodation with daily cleaning, bed-making, food and beverage services, see 55.10 and the provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis, see division 68.

55.20/1 Holiday centres and villages

This subclass includes the provision of holiday and other collective accommodation in holiday centres and holiday villages.

55.20/2 Youth hostels

This subclass includes mountain refuges but excludes protective shelters or plain bivouac facilities for placing tents and/or sleeping bags, see 55.30.

55.20/9 Other holiday and other short stay accommodation (not including holiday centres and villages or youth hostels)

This subclass includes the provision of holiday and other collective accommodation other than that provided in holiday centres and holiday villages or in youth hostels.

55.3 Camping grounds, recreational vehicle parks and trailer parks

This class includes the provision of accommodation in campgrounds, trailer parks, recreational camps and fishing and hunting camps for short stay visitors, provision of space and facilities for recreational vehicles and accommodation provided by protective shelters or plain bivouac facilities for placing tents and/or sleeping bags but excludes mountain refuges, cabins and hostels, see 55.20.

55.9 Other accommodation

This class includes the provision temporary or longer-term accommodation in single or shared rooms or dormitories for students, migrant (seasonal) workers and other individuals.

This class includes student residences, school dormitories, workers’ hostels, rooming and boarding houses and railway sleeping cars.

56 Food and beverage service activities

This division includes food and beverage serving activities providing complete meals or drinks fit for immediate consumption, whether in traditional restaurants, self-service or take-away restaurants, whether as permanent or temporary stands with or without seating. The fact that meals fit for immediate consumption are offered is the decisive factor rather than the kind of facility providing them. This division excludes the production of meals not fit for immediate consumption or not planned to be consumed immediately or of prepared food which is not considered to be a meal (see divisions 10: manufacture of food products and 11: manufacture of beverages). Also excluded is the sale of not self-manufactured food that is not considered to be a meal or of meals that are not fit for immediate consumption (see section G: wholesale and retail trade).
56.1 Restaurants and mobile food service activities
56.10/1 Licensed restaurants
This subclass includes the provision of food services to customers, whether they are served while seated or serve themselves from a display of items. The meals provided are generally for consumption on the premises and alcoholic drinks to accompany the meal are available.
This subclass includes restaurants, cafeterias, fast-food restaurants and also includes restaurant and bar activities connected to transportation, when carried out by separate units but excludes concession operation of eating facilities, see 56.29.

56.10/2 Unlicensed restaurants and cafes
This subclass includes the provision of food services to customers, whether they are served while seated or serve themselves from a display of items, The meals provided are generally for consumption on the premises and only non-alcoholic drinks are served. This subclass includes restaurants, cafeterias, fast-food restaurants and also includes restaurant and bar activities connected to transportation, when carried out by separate units but excludes concession operation of eating facilities, see 56.29.

56.10/3 Take away food shops and mobile food stands
This subclass includes the provision of food services to customers to take away or to have delivered. This includes the preparation and serving of meals for immediate consumption from motorised vehicles or nonmotorised carts. The subclass includes take-out eating places, ice cream vans, mobile food carts, food preparation in market stalls but excludes retail sale of food through vending machines, see 47.99 and concession operation of eating facilities, see 56.29.

56.2 Event catering and other food service activities
This group includes catering activities for individual events or for a specified period of time and the operation of food concessions, such as at sports or similar facilities.

56.21 Event catering activities
This class includes the provision of food services based on contractual arrangements with the customer, at the location specified by the customer, for a specific event but excludes manufacture of perishable food items for resale, see 10.89 and retail sale of perishable food items, see division 47.

56.29 Other food service activities
This class includes industrial catering, that is the provision of food services based on contractual arrangements with the customer, for a specific period of time. Also included is the operation of food concessions at sports and similar facilities. The food is usually prepared in a central unit. This class includes activities of food service contractors (e.g. for transportation companies), operation of food concessions at sports and similar facilities, operation of canteens or cafeterias (e.g. for factories, offices, hospitals or schools) on a concession basis. It excludes the manufacture of perishable food items for resale, see 10.89 and retail sale of perishable food items, see division 47.

56.3 Beverage serving activities
This group includes the preparation and serving of beverages for immediate consumption on the premises.

56.30/1 Licensed clubs
This subclass includes the preparation and serving of beverages for immediate consumption on the premises by: nightclubs, social clubs but excludes reselling packaged/prepared beverages, see 47 and retail sale of beverages through vending machines, see 47.99.

56.30/2 Public houses and bars
This subclass includes the preparation and serving of beverages for immediate consumption on the premises by: bars, taverns, cocktail lounges, discotheques licensed to sell alcohol (with beverage serving predominant), and beer parlours but excludes reselling packaged/prepared beverages, see 47, retail sale of beverages through vending machines, see 47.99, operation of discotheques and dance floors without beverage serving, see 93.29.


Table 1.2
Continued
In reading through the new classification, there are a number of interesting issues for note.

- First the very detailed nature of the descriptions and the very precise nature of the language used, including specifying types of activity that are included and also types of activity that are excluded. The activities excluded will appear in the national statistics under a different heading.
- Second, the definition of food and beverage operations as activities providing complete meals or drinks fit for immediate consumption. The emphasis here is on ready to eat food and drink and not on the manufacture or retail of food that needs reheating or reconstitution. This may cause some problems for supermarkets, who sell large amounts of sandwiches – for immediate consumption – but also large amounts of ready meals to take home and prepare for dinner. Where would a rotisserie chicken fit into this description?
- Third, the inclusion for the first time of mobile food stands, specifically mentioned in the classification.
- Fourth, the introduction of the category of event catering, which has seen substantial growth over the last few years, but perhaps strangely the inclusion of industrial or contract food service as part of this category. This ‘other food services’ category now also includes travel catering, catering at sports grounds, as well as factories, offices, hospitals or schools but only on a contract or concession basis and so still excludes the majority of public sector catering.
- Fifth, what is a beer parlour?

**Activity 2**

Take your 10 occasions and businesses identified earlier and try to fit them into the categories described above. Why are some easy to categorize and some more difficult? Are there any that you cannot find an appropriate category for?

**Classifying food and beverage operations**

There are many different ways of classifying food and beverage operations for different purposes. The SIC scheme discussed above is to allow the systematic collection and analysis of national economic statistics, which will now allow comparison across the whole of the EU. Organizations such as Keynote, a well-respected market intelligence company, who prepare very detailed reports on a wide range of industries including hospitality and food and beverage operations, concentrate only on commercial operations in restaurants, fast food, contract food service, hotels, public houses and other (Keynote Publications, 2007). People 1st, the Sector Skills Council for the Hospitality, Leisure, Travel and Tourism industries, whose emphasis is on employees and the development of their skills to match industry needs, split the industry into 14, namely Contract food service providers,
Events, Gambling, Holiday parks, Hospitality services, Hostels, Hotels, Membership clubs, Pubs, Bars and nightclubs, Restaurants, Self catering accommodation, Tourist services, Travel services and Visitor attractions (People 1st, 2007). This is a much broader description of the industry and by including in ‘hospitality services’ people who are employed ‘in house’, rather than by a contract caterer, to provide hospitality in travel, retail, education, healthcare, offshore locations, corporate hospitality, government and local authority provision such as care homes and prisons, as well as leisure venues and events, they capture many more people than the ‘commercial’ only definitions. While these different definitions and classifications are interesting and useful, they do not provide any significant managerial insight.

From this perspective, it is possible to make a number of distinctions between the many different types of food and beverage outlets. First, there is a distinction between those outlets that operate on a strictly commercial basis and those that are subsidized. A second distinction concerns the type of market served. In some cases, the market is confined to restricted groups, as for example, in a hospital or a prison or on a cruise ship, while in other cases the outlet is open to the public at large. A third distinction is between outlets where catering is the main activity of the undertaking, as for example, in a privately owned commercial restaurant, and those where it is a secondary activity, as is the case with travel catering or school meal catering. A final distinction appears between outlets that are in public ownership and those in private ownership. To a certain extent there is a rough compatibility between the distinctions. On the one hand, captive markets tend to be in public ownership and to be a subsidiary activity of the undertaking. On the other hand, the commercial outlets tend to be in the private sector, to serve the general public and to be the main activity of the undertaking. In brief, the subsidized sector is not normally available to the public at large and normally provides catering only as an activity that is both secondary to the main business and available only to restricted groups. These broad divisions, however, do not hold true in all cases. Indeed, the exceptions are numerous and beyond the broad categories, they tend to devalue any generalizations.

Using some of the above distinctions, it is possible to classify food and beverage outlets into a number of broad sectors. Figure 1.1 illustrates one way of breaking down the industry into sectors. The figure shows a distinction between purely commercial operations and those which accrue subsidies in some way. The purely commercial operations may be in public or private ownership and include outlets where catering is the main activity as well as those where it is a secondary activity, as for example, catering in theatres or shops. In the case of the commercial sector, a secondary division is shown between outlets that have a restricted market and those which are open to the general public. The subsidized operations similarly may be in public or private ownership. A distinction is drawn between catering in institutions where public ownership dominates and catering for employees where
Introducing food and beverage management

private ownership is also of importance. Almost by definition subsidized catering tends to be available only to restricted markets.

As with any classification, there are of course areas of overlap. There are two of particular importance here. The first overlap concerns catering in various private schools, colleges and hospitals, and in some offices and works canteens where the catering is not in any way subsidized but run on strictly on commercial lines. These outlets appear under the heading of the commercial sector as commercial catering for a restricted market, above. The second issue concerns the many subsidized or welfare catering outlets that are operated by catering contractors who are
themselves strictly organized on commercial lines. These have not been separated out because although the operators themselves may be commercial companies, this does not affect the fact that the end product is normally subsidized for the market.

There are two reasons for using this classification here. First, it provides a very broad coverage of food and beverage outlets – broader, for example, than many of the official definitions and classifications of the hospitality industry. The second reason for using this classification is that it is based on distinctions that have a significant bearing upon most aspects of the operation of the catering activity. For example, the difference between subsidized catering and commercial catering not only embraces differences of objectives but also covers differences in the markets served, differences in the organizations involved and differences in their marketing and business strategy. These distinctions will be discussed in detail in Chapters 2 and 3.

Activity 3

Take the 10 occasions and businesses you identified earlier and place them on the chart show above. Where do most of your businesses fall?

Cost and market orientation

It is then convenient at this point to discuss the broad distinction between cost and market orientation within the hospitality industry, as these two terms are closely associated with the particular sectors of the industry that have been identified. Examples of cost orientation are identified particularly in the welfare sector such as catering in prisons, for patients in hospitals and often for ‘in-house’ employee restaurants, while market orientation examples are found in the hotels, restaurants, popular and fast-food sectors. It is arguable that in fact all sectors of the industry need to employ a market oriented approach.

A market oriented business displays the following characteristics:

- A high percentage of fixed costs, for example rent, rates, management salaries, depreciation of buildings and equipment. This high percentage of fixed costs remains fixed regardless of any changes in the volume of sales. A hotel restaurant is an example of an operation with high fixed costs that have to be covered before profit can be made.
- A greater reliance on increases in revenue rather than decreases in costs to contribute to the profit levels of the establishment. The implication here is that in seeking to increase the business’s profitability, more emphasis must be given to increasing sales (e.g. by increasing the average spend of the customers or by increasing the number of customers) rather than by reducing costs. For this reason the close monitoring of all sales in a market oriented business becomes of prime importance.
Introducing food and beverage management

• An unstable market demand for the product, thereby requiring a greater emphasis on all forms of selling and merchandising of the product to eliminate shortfalls in sales and the need to manage the capacity of the business more closely.
• More likely to have a more flexible pricing policy in order to attract customers at off-peak times.

A cost oriented business displays the following characteristics:

• A lower percentage of fixed costs, but a higher percentage of variable costs such as food and beverage costs. The percentage of variable costs in cost oriented establishments varies with changes in the volume of the business’s sales. Employee restaurants are often found with a lower percentage of fixed costs. This places less emphasis on achieving high sales volumes.
• A greater reliance on decreases in costs rather than increases in sales to contribute to the budgeted profit levels of the establishment. Thus in seeking to increase the performance level (budgeted revenue and profit) of a cost oriented business more emphasis would be given to reducing the overall costs of the operation in such areas as purchasing, portion sizes and labour levels.
• A relatively stable market demand for the product. In comparison to market oriented businesses, cost oriented operations enjoy a reasonably stable demand for their products. This makes planning and operating more predictable and controllable.
• More likely to have a more traditional fixed-pricing policy.

There are those areas of the hospitality industry that cannot be precisely defined as either cost or market oriented in that they display characteristics of both orientations at different times during their business. In the main, however, most hospitality establishments fall into one of these two categories and this has important implications for the catering and financial policies of the business, which are described later.

Activity 4
Taking the 10 occasions and businesses you identified earlier, categorize them into their cost or marketing orientation. Why are some businesses more difficult to categorize than others?

FOOD AND BEVERAGE MANAGEMENT

What do managers do?

There has been substantial interest in the nature and definition of the work of the manager over many years. Figure 1.2 presents a model, which has been developed to synthesize much of this work for the hospitality industry (Li et al., 2006).
Hospitality managers have explicit and implicit goals, or responsibilities, which are concerned with ensuring the organization’s continued success and survival, as well as their own personal interests, such as career progression. For hospitality firms, there are three main types of objectives that management must be concerned with, which are to ensure that the guest feels welcome, that facilities work for the guest, and that the operation will continue to provide service while also making a profit (Powers and Barrows, 2003).

The goals that are set are shaped by factors, which include the organizational structure and culture, the economic situation, national culture, available resources, cognitive and moral rules, and their own personal attributes. Managers in the hospitality industry face a more uncertain and complex work environment than in many other industries due to its unique service characteristics. This complexity is then coupled with the cultural differences of different business climates and environments and the managers’ personal values.

To reach the goals that have been set, managers in hospitality firms carry out various tasks and activities, covering the standard managerial roles such as planning, organizing, commanding, coordinating and controlling, sometimes called POC³. They often act in a seemingly ad hoc way constantly responding to the unexpected resulting from the changing environment. While managers undertake a diversity of managerial activities, what they do and / or what they choose to do are, to some extent, unpredictable and changeable. The way that managers choose to perform the tasks is not always consistent either. Hence, the hospitality
Introducing food and beverage management

The manager’s work can be characterized by variability, variety and volatility, which represents the informal element of the hospitality manager’s work.

However, each managerial activity is often associated with a certain management function. In other words, the purpose of a managerial behaviour can be linked to one of the key functions of management. For example, a restaurant manager may choose to speak to the customers to find out how they view the service offered. S/he will then be able to report on customer satisfaction. The manager may also recognize some weaknesses in service and, consequently, introduce appropriate training activities for staff. Since managers, including those in the hospitality industry, are responsible for the success of their organizations or organizational units, they also need to carry out these functional duties. This constitutes the formal nature of the hospitality manager’s work.

While the performance of managers is reflected by the degree of progress in achieving their goals, the effectiveness of the manager’s performance is underpinned by their competencies including personal attributes, knowledge and skills. In the case of a food and beverage business, managers must have sufficient knowledge in order to manage daily operations and direct the business strategically. They must be competent in relating to employees and guests, accomplishing operational goals within financial constraints, and responding to customers’ requirements immediately so that the quality of real-time service can be delivered. Within an international work environment, hospitality managers must be also competent in appreciating cultural differences and dealing with various situations appropriately.

While this model sets the background to what managers should be doing, research conducted on behalf of the HCIMA (now the Institute of Hospitality) by the University of Surrey (Gamble et al., 1994) was designed to identify the types of management activities that could be seen to be typical of different sectors of the hospitality industry across Europe. Using a critical incident methodology, the research collected situations in which managers felt that their contributions or actions had made a significant difference to the outcome of a situation; somewhere the manager’s skills and knowledge were used well, and somewhere the respondents felt their skills and knowledge were lacking. These incidents were then categorized into the four key areas of managing operations, managing the business, managing people and personal skills. Each of these areas was then divided into categories. These 15 categories represent the key areas of skills and knowledge that any manager in the hospitality industry needs in order to be effective. The areas and subcategories are illustrated in Figure 1.3.

Analysing the incidents against the main category areas by level of management provides the data shown in Table 1.3. To allow for the differences in the titles and roles between industry sectors, the following management levels were used:

- *Department head/Junior management*: Managing a section within an operating unit. This would equate to the coffee shop
manager in a hotel operation or the assistant manager of a fast-food operation.

- **Unit manager/Section manager**: Managing a complete unit or a section within a larger unit. This would equate to a unit catering manager working for a contract catering company, an executive chef, or the food and beverage manager of a small hotel.
- **General manager**: Overall control of one large unit composed of a number of sections or a collection of smaller units. This would equate to the food and beverage manager of a large hotel with extensive restaurant, conference and banqueting facilities, or the manager of a small number of catering contracts.
- **Area manager**: Overall responsibility for a number of separate large units or geographic areas.
- **Director**: responsibility for the operation and management of a complete organization.
- **Owner/proprietor/partner**.
Managing operations recorded the second highest number of incidents across the three subcategories of managing day-to-day operations, specialist/technical areas and managing crises. The analysis by managerial level, shown in Table 1.3 shows a heavy emphasis in this area for the junior managers. This was strongest in day-to-day operations and specialist knowledge but when it came to a crisis the junior managers were more likely to call in their unit or general manager. Owners also get heavily involved in sorting out the crises that may occur within their businesses. Sector comparisons show that hotels and restaurants reported the heaviest emphasis on managing operations while employee catering had the lowest.

The area of managing the business included aspects of managing business performance, managing projects, managing strategic decisions and managing legal complexity. Across the whole sample, this area was in third place behind personal skills and managing operations. More detailed analysis by managerial level reveals some significant differences. Although general managers, regional managers and directors show significantly more incidents in this area, junior managers and unit managers show a low emphasis. This suggests that managers as a whole may be becoming more business oriented but only when they have reached a position of some seniority with an organization. Comparisons across the sectors of the industry reflect this emphasis, with hotels, restaurants and popular catering, sectors with large numbers of junior managers, showing a low emphasis on this area but other sectors, especially contract catering and local authority services, featuring positively.

The managing people area covered managing individuals, managing teams, managing external contacts and managing personnel administration. It was therefore surprising that, given the labour intensity of many sectors of the industry and the natural importance given to this area, there were relatively few reported incidents in this area. One explanation for this anomaly is that the interpersonal skills involved in managing people are not included in this section but are categorized as more generic personal skills. Analysis across managerial level shows unit managers having the highest score in this area with junior managers and owners having low scores.

The area of personal skills includes a range of generic or transferable skills that cover making verbal or written presentations, training, interpersonal skills, using computers in management and self-development. There were more incidents reported in this area than any other and most of these were in the interpersonal skills area, followed by making presentations and training. Using computers in business showed comparatively few incidents and incidents to do with self-development were sadly, for an industry that seemingly values training highly, very sparse. All levels of manager reported large numbers of incidents in the area of interpersonal skills, especially the junior managers who would be new to having to handle these situations. Again there was an even spread across all sectors of the industry but a heavier
than expected emphasis in popular catering or fast food. This is perhaps a reflection of the time managers spend dealing with interpersonal issues when the technological issues have been removed from consideration through systematized service delivery systems.

**Responsibilities of food and beverage management**

The research described above highlights the areas of activity that all managers are involved in but does not look at the specific responsibilities of the food and beverage manager. The significant contribution food and beverage sales can make towards total sales is evident but food and beverage costs can make equally significant inroads into sales. This necessitates the development of an effective system of control for all areas concerned with the food and beverage function. The development of such a total control system begins with the basic policy decisions described previously – the determination of the financial, marketing and catering policies. Working within these three broad policies of the establishment, the food and beverage department is then able to detail its objectives.

Definitions of management are numerous with writers using different words and phrases to describe the same activity, but if allowance is made for this there is some broad agreement about managers’ functions.

First, they are involved in the planning process – setting objectives, making decisions about which direction the organization should take, that is, formulating policies. Second, managers decide how these objectives should be achieved and by whom. This involves analysing tasks and assigning them to individuals or groups. Third, managers are involved in staff motivation in such a way as to move the organization through them in the direction formulated at the planning stage, to achieve the stated objectives. Fourth, managers have a controlling function including the comparison of actual performance to that forecast at the initial planning stage and taking any necessary steps to correct any deviation from agreed objectives. The controlling may be done by observation, by analysis of accounting records and reports or by analysis of recorded statistical data.

These four management functions – planning, organizing, motivating and controlling – can be translated into the functions of the food and beverage manager. In a food and beverage department, the planning process involves the setting of several basic policies: a financial policy dealing with envisaged profitability or cost constraints of the establishment; a marketing policy defining the market to be catered for; and a catering policy defining the main objectives of operating the food and beverage facilities and the methods by which such objectives are to be achieved. Such policies would be decided at a senior level of management. The tasks needed to achieve these objectives would then be assigned to individuals who should receive job descriptions detailing the purpose of their tasks, the responsibilities of
the individuals, who they are responsible to, etc. Here food and beverage managers work in conjunction with the personnel department in producing job descriptions and appointing on-the-job trainers to help train new staff.

The motivation of the staff of the food and beverage department is an important function of food and beverage managers. This may be undertaken in several ways – for example, by helping individuals who are undertaking common tasks to form into groups so that a ‘team spirit’ may develop, by encouraging staff–management committee meetings, or at a more basic level to see that full training is given so that job anxieties are reduced for employees from the beginning.

Finally, there is the element of control in the food and beverage department. This involves the checking of actual performance against expectations or forecasts, and in the case of any wide deviations, to locate the problem area and rectify it, and to take whatever steps are possible to prevent the problem occurring again.

The functions of food and beverage managers in coordinating the food and beverage department are therefore numerous, and it is important that they should use all the tools of management available to them. An organization chart should be produced showing the position of the food and beverage department within the context of the total establishment. An organization chart presents graphically the basic groupings and relationships of positions, and a general picture of the formal organization structure.

In larger units, departmentalization becomes more apparent. Figure 1.4 shows the organization of a food and beverage department in a large prestigious hotel.

In this example, the food and beverage manager has six subordinate managers acting as departmental heads and then further levels of assistant managers and the operational teams themselves. The food and beverage department can be seen to represent a major part of the hotel’s total organization structure but clearly supported by other departments.

Some units are, of course, too small to adopt anything like this type of organization structure. Indeed, in a small privately owned restaurant, it is often the owner who is ‘manager’ of all departments. In this instance, the proprietor would also operate as the control department, monitoring all incoming and outgoing revenues and costs, but overall the same main activities still have to be covered.

It is also important to supplement the organization chart with a job description. A job description is an organized list of duties and responsibilities assigned to a specific position. It may be thought of as an extension of the formal organization chart in that it shows activities and job relationships for the positions identified on the formal organization chart. An example of a food and beverage manager’s job description may be seen in Table 1.4. Some organizations also produce work schedules; these are outlines of work to be performed by employees with stated procedures and time...
Figure 1.4 Danesfield House Hotel and Spa Organization Chart
DANESFIELD HOUSE HOTEL AND SPA
JOB SPECIFICATION

Food and Beverage Manager
Reporting to the Deputy General Manager

QUALIFICATION REQUIREMENTS:
1. Excellent reading, writing and oral proficiency in the English language.
2. College education, hotel or business administration degree preferred.
3. Five to Ten years in management positions in the hotel and/or restaurant industry.

PURPOSE:
* To service all guests in a manner which exceeds expectations.
* To provide leadership and management for the Food and Beverage Division and integrate its functions with other hotel departments.
* To plan the continued growth and profitability of the division.
* To accept the responsibility for the health, safety and welfare of the restaurants/ outlets, guests and employees.
* To be accountable for the operations’ assets and its personnel’s actions.

JOB FUNCTIONS:
1. To prepare quarterly forecasts and business-achieved reports for each Food and Beverage operating department.
2. To coordinate the development, interpretation and implementation of hotel policies, operating procedures and training programs, manuals, directives, menus, work schedules, rules and regulations for the food and beverage staff and personnel.
3. To maintain up-to-date records on food and beverage staff personnel attendance, appearance, standards, work and vacation schedules, labor costs, payroll, absenteeism, turnover and disciplinary action.
4. To approve the employment and termination of food and beverage staff.
5. To be responsible for personal development and training of all F & B Staff.
6. To coordinate the selection, purchasing, storage, inventorying, maintenance and usage of all related food and beverage supplies and equipment.
7. To handle all guest comments in the food and beverage area.
8. To obtain maximum revenue results from the utilization and appearance of the food and beverage areas.
9. To constantly strive to improve the quality levels, performance and standards of F & B service.
10. To oversee and apply risk assessments of safety, accident prevention, fire drills and first aid.
11. To achieve optimum levels of profitability within all areas of the F and B Operations, by buying and selling produce at optimum prices and maintaining appropriately efficient costs whilst achieving the required service and quality standards.
12. To maintain current prices and approved purveyors listed based on quality, service and cost of all related food and beverage items for requisitioning purposes, store inventories, cost control procedures and forecasts.
13. The ability to aid each Department Head in giving the necessary training to their staff and to assist them in it.
14. The ability to develop new and analyse existing procedures and special promotions that will improve guest patronage under the guidelines of the hotel’s overall policies.
15. To develop and maintain effective communications between all operating departments.
16. To respond properly in any hotel emergency or safety situation.
17. To perform other tasks or projects as assigned by hotel management.
requirements for their duties. Tasks are broken down into a care-
ful sequence of operations and timed. They are particularly use-
ful in training new employees and for lower-grade jobs, but have
a limited application at the supervisory and management level.

In general, the main responsibilities and objectives of the food
and beverage department may be summarized as follows:

1. The provision of food and beverage products and services
catering for clearly defined markets to satisfy or exceed these
customers’ expectations.
2. The purchasing, receiving, storing, issuing and preparation of
food and beverages within the establishment for final provi-
sion and service to the customer.
3. The formulation of an efficient control system within the food
and beverage department with the purpose of:
   • Monitoring food and beverage prices and achieving com-
     petitive rates while still ensuring quality standards.
   • Pricing restaurant and special function menus to achieve
desired profit margins.
   • Compiling on a daily, weekly and monthly basis, all rele-
     vant food and beverage information on costs and sales that
     may be used by management for forecasting, planning,
budgeting, etc.
   • Reconciling actual and forecast costs and sales, and initiat-
     ing corrective action if discrepancies occur, and finding out
     and eliminating the causes, for example bad portion con-
     trol, incorrect pricing, etc.
   • Training, directing, motivating and monitoring of all food
     and beverage department staff.
   • Cooperating with other departments to become a signifi-
     cant contributor to the organization’s short- and long-term
     profitability.
   • Obtaining in a regular, structured and systematic way,
     feedback from customers, so that their comments, com-
     plaints and compliments may be taken into account to
     improve the overall standard of service.

**Activity 5**

Compare the main responsibilities and objectives of the food and
beverage department identified above with the job description
from Danesfield House Hotel and Spa. Identify where there are any
differences between the two? Why might these differences exist?

These are the major responsibilities and objectives of a food and
beverage department. Other minor objectives do become impor-
tant during the day-to-day running of the department, but these
often tend to deal with sudden crises or short-term problems
and would be too numerous to mention. However, achieving
all these objectives is a far from easy task when managers are faced with the inherent complexity and variability of a food and beverage operation.

Constraints on food and beverage management

The management of food and beverage departments has been described as the most technical and complex in the hospitality industry. The specific factors that make food and beverage management relatively more complex are due to particular external and internal pressures.

External factors

The external factors are often seen as the ‘major’ problems of the food and beverage function. They originate outside the organization and for this reason internal action can rarely solve the problem adequately, although pro-active management may help to reduce their impact. Some of the major external pressures affecting the food and beverage function are listed below.

Government/political

- Government legislation, for example, fire regulations, smoking regulations, health and safety legislation, EU regulations.
- Changes in the fiscal structure of the country, for example, regulations affecting business expense allowances.
- Specific government taxes, for example, VAT.
- Government policy on training and employment, economic development, regional development, etc.

Economic

- Rising costs – foods and beverages, labour, fuel, rates and insurance.
- Sales instability – peaks and troughs of activity occur on a daily, weekly and seasonal basis.
- Changes in expenditure patterns and people’s disposable incomes.
- Expansion and retraction of credit facilities.
- Interest rates on borrowed capital.

Social

- Changes in population distribution, for example, population drifting away from certain areas or demographics such as age structure.
- Changes in the socio-economic groupings of an area.
- Change in eating patterns leading to a demand for more varied foods.
- Changes in food fashion, for example, current popularity of take-away foods, home delivery of fast foods, trends in healthy eating.
Technical

- Mechanization, for example, of food production and food service equipment.
- Information technology, for example, data processing in hospitality establishments.
- Product development, for example, organic vegetables, increased shelf life of foods through irradiation, meat and dairy produce alternatives.

Internal factors

Along with external factors, the food and beverage function also has many other day-to-day internal pressures. Internal problems are those originating within the organization and for this reason such problems can usually be solved adequately within the establishment if they can be identified and the root cause removed. The internal problems may be classified as follows.

Food and beverage

- Perishability of food and the need for adequate stock turnover.
- Wastage and portion control.
- Pilferage from kitchens, restaurants, bars and stores, sometimes referred to as ‘shrinkage’.

Staff

- General staff shortages or skill shortages within the industry.
- Achieving staffing levels to match peaks and troughs of sales activity.
- Absenteeism, illness, etc.
- Use of part-time or casual staff in some food and beverage departments.
- Poor supervision and training of new staff.
- High staff turnover, particularly in some areas.

Control

- Cash and credit control and collection.
- Maintenance of all costs in line with budget guidelines and current volumes of business, for example, food, beverages, payroll, etc.
- Maintenance of a tight and efficient control of all food and beverage stocks.
- Maintenance of up-to-date costing and pricing of all menu items.
- Maintenance of an efficient food and beverage control system giving analysed statistical data of all business done.

Figure 1.5 shows diagrammatically the potential sources of issues and problems that food and beverage managers need to be aware of if they are to maintain and improve the effectiveness of their operations. Being a food and beverage manager is a challenging and demanding job but with the clear understanding and
systematic approach that the following chapters provide, it can also be a rewarding and satisfying one. One key factor for all food and beverage managers is to understand their customers, the trends in the eating our market and the nature of the meal experience they need to provide.

**MANAGING THE MEAL EXPERIENCE**

Service industries, such as food and beverage operations, differ from manufacturing in several ways. The customer is present at the time of both production and service. In manufacturing the customer is not present during the production process. In food and beverage operations, the customer is involved in the creation of the service that is consumed at the point of production.
with little or no time delay between production and service. The customer is not involved in the creation of manufactured products and there may be a considerable time lag between production and service. Services cannot be examined in advance, they are highly perishable and cannot be stored, all adding to difficulties in the quality control of service products; in manufacturing goods can be made in advance of demand and stored allowing more time for control procedures. Finally, services have a larger intangible element in many of their products than manufactured goods do and for this reason have traditionally been more difficult to quantify and evaluate. For all these reasons, the time that the customer spends in the operation and what happens to them during that time is of particular importance.

The ‘meal experience’ may be defined as a series of events – both tangible and intangible – that a customer experiences when eating out. It is difficult to define exactly where a meal experience actually starts, and indeed ends, although it is usually assumed that the main part of the experience begins when customers enter a restaurant and ends when they leave. However, any feelings customers may have when they arrive at the restaurant, and when they leave, should also be taken into account and included as part of the total meal experience.

The series of events and experiences customers undergo when eating out may be divided into those tangible aspects of the product, that is, the food and drink, and those intangible aspects such as service, atmosphere, mood, etc. See Chapter 11 for a further discussion of tangibles and intangibles in food and beverage operations.

These two components of the meal experience have also been labelled primary and secondary products or core and peripheral elements but although differing in descriptive terms, the underlying concept is the same. It is the appreciation of the different components by the caterer that is important; the tangible and the intangible aspects must be integrated together to present a total product to the customer. If one or two components of the meal experience are out of harmony with the others, the whole product/service mix will be seen by the customer as a number of disjointed parts rather than as a totality.

This experience was first called the ‘meal experience’ in 1989 (Campbell-Smith) but is now a widely used term throughout the industry and has now been developed even further into the idea of the experience economy.

The experience economy

Food and beverage operations such as TGIFridays, the Hard Rock Café or Planet Hollywood have long understood that there is much more to the total customer experience than the food or the way that it is served. They recognized in putting their concepts together that they needed to provide an additional ‘theatrical’ element to their operations that would make them memorable and provide added value to their customers. The
Introducing food and beverage management

Disney Corporation take this theatricality to an extreme by calling their hotel, restaurant and theme park employees ‘cast members’ and the uniforms they wear ‘costumes’.

Pine and Gilmore (1999) argue that in order to differentiate your operation in an era of high competition and the increasing commoditization of service there is a need to provide the customer with a memory of an experience that they can take away with them rather than just a good product or service. They argue that in order to do this the business needs to consider the complete staging of the experience from start to finish and to think of it as an almost theatrical performance expecting employees to act out their roles within a carefully crafted environment. It could be argued that many restaurants have been in this business for a long time, but some operations are taking it even further.

Activity 6

Read the following examples provided from an article in *USA Today*.

Recognizing the need to create memorable experiences, some hotel groups in the United States are no longer selling corporate meeting clients just a room, a sound system, a projector and some bottles of water, but are creating a customized environment that uses sound, food, smell, decor, toys and gadgets to create moods that match the meetings’ objectives.

For example, a client wishing to hammer out a financial deal might opt for an environment that eases tension. That could call for low lighting, green tea, worry stones on the tables and a relaxed mix of instrumental music. Those wishing to generate team-building and brainstorm for new projects might consider a joint cooking session, bowls of almonds (reputed to be brain food) and even board games.

Kimpton Hotels began its Signature Meetings initiative last year and now allows clients to customize by selecting from a menu of items and services. Those wishing to break up the tedium with ‘elements of wellness’ can buy aromatherapy, yoga or massage sessions, 15-minute guided power walks or even stress balls. They can select fruit smoothies, organic coffee and tea or whole-grain cereals for breakfast, and add fun foods including Pop-Tarts, Lucky Charms, macaroni cheese and hot dogs.

Omni Hotels launched a similar campaign – dubbed Sensational Meetings – earlier this year. They change the ambiance of their rooms to complement three different types of meetings:

- The Energetic for brainstorming, planning and training provides special lighting, floral arrangements, miniature kumquat trees, and bright-coloured table items along with music by artists including U2, Coldplay and Sheryl Crow. They offer wheat grass shots, juice shots in test tubes, almonds in bright bowls, chocolate with mandarin orange, wild sweet orange vitamin C tea, sparkling pomegranate drink and use brightly coloured table linen and pens with bright inks in an environment scented with lemon.

- The Challenging for change management and negotiations with lower lighting, candles, light pastel florals, water features, blue rocks, and bamboo in glass containers to the sounds of classic
Before customers set out to any operation for a meal, they may already have decided on the type of meal they want or feel would be most suitable for that particular occasion. This pre-meal experience decision may have been taken after the consideration of a number of variables and customers will choose the operation they consider satisfies all or most of their requirements. The general factors affecting a customer’s choice of meal experience include the following:

Social

A social occasion is one of the most common reasons for eating out. Such family events as birthdays and anniversaries, special dates (Christmas, the New Year, Valentine’s Day and Halloween), a special event (a christening or passing examinations) are all reasons for celebration and eating out. Equally, people decide to go to a restaurant for no other reason than to dine with friends.

For those people who eat out infrequently, may be two or three times a year, the celebration of a special occasion is the most important reason. As the number of meal occasions per year rises, to over four times a year, there is a corresponding increase in the variety of reasons given, for example, to socialize with friends and relatives, as a treat for self or spouse, as a change from eating at home, etc.

Business

Meals may also be taken away from home for business reasons. Generally speaking, the level of restaurant chosen will depend on the level of business being conducted, so that the more important and valued the business, the more expensive and up-market will be the restaurant. Business lunches and dinners are still the most common, although working breakfasts and afternoon teas are also common.

Adapted from a article by Roger Yu, USA Today 24/07/2007

Although these seem quite extreme examples, consider ways in which restaurants or coffee bars already attempt to create customized experiences within their operations.
**Convenience and time**

A food service facility may be convenient because of its location or because of its speed of service. A working couple arriving home may decide to eat out rather than prepare something at home; they do not wish to travel far, nor do they want an elaborate meal, so they choose a local pub, pizzeria or Thai restaurant. A family out shopping at the weekend decide to have lunch in a fast-food operation in the high street. A long-distance commuter has a meal onboard a train knowing that he will arrive home late that evening. Office workers or hospital staff with little time available decide to have lunch in the staff canteen. Housewives out shopping decide to stop for a snack in a shopping centre food court.

All of these are typical examples of convenience eating away from home. They are convenient sometimes in terms of location, sometimes speed, because of the limited amount of time a customer has for a meal, and very often a combination of the two. Most of the facilities used are associated with the mass-market end of the catering industry: fast-food operations; coffee shops; catering facilities in shopping centres; pizzerias; steak houses; cafés in leisure complexes; vending machines in schools; hospitals; offices and other work situations.

**Atmosphere and service**

The atmosphere and environment of certain types of catering facilities and the social skills of the service staff can be particularly attractive to certain groups of customers. For example, wine and cocktail bars, and champagne and oyster bars in city centres appeal, in particular, to employees who have spent the day working together in offices and wish to meet together after work. The widespread use of ‘Happy Hours’ in such operations has further encouraged this trend for workers to go straight from their place of work to a catering outlet to socialize. These facilities are also often attractive because of their convenient locations.

**Price**

The price level of an operation will significantly affect the restaurant choice of customers, particularly ‘impulse’ buying decisions. For the majority of customers, except perhaps for those few who can afford regularly to patronize high-quality restaurants, there exists a ‘trade-off’ point between the task and cost of preparing a meal at home, or paying for a meal out. Generally speaking, the higher the disposable income, the higher the trade-off level. For example, a couple may consider it quite acceptable spending up to £40 for an impulse meal experience once a week; another couple may consider this price too high and would only be willing to pay up to that amount once a month. If they thought the meal was likely to cost more then they would trade-off the meal experience at a restaurant for a meal at home, or perhaps a cheaper take-away meal.
Finally, a restaurant’s menu may appear particularly interesting or adventurous, or have been recommended, enabling customers to enjoy a different type of meal from that cooked at home.

Activity 7

Consider each of your 10 operations in turn and decide which of the reasons given above would influence your decision to visit that operation

All of these factors will at some stage affect the buying decision of customers and hence their choice of meal experience, although it is unlikely that any of these variables will operate in isolation – usually two or three factors together will influence customers’ choice of operation. Once customers have decided on the type of meal they want, they will start to accumulate different expectations and anticipations. Just as the customers’ buying decisions are influenced by a number of variables, so too is the meal experience itself.

Understanding eating out

Understanding the factors affecting customers’ buying decisions and analysing who eats out and the frequency that they do is valuable data for all food and beverage managers. The analysis of who the customers actually are is also necessary information, not only for caterers in general, operational management in particular, but also for marketing management. The size and distribution of the eating out market is illustrated in the Table 1.5.

A review of this data shows that fast food as a sector has grown 23% between 2002 and 2007, with more growth in chicken, perhaps fuelled by health concerns and the introduction of new operations such as Nando’s, and less growth in ethnic takeaways and fish and chips. In the restaurant sector, pubs have seen a growth rate of 35% and restaurants including many of the branded chains growing 36%. Much less growth has been seen in ethnic restaurants and in dining in hotels. The biggest growth, however, has been in the ‘other’ sector which includes cafes, coffee shops and other retail outlets. It would have been difficult over these last 5 years not to have noticed the number of new Costa, Caffè Nero, Starbucks and Pret A Manger operations appearing in towns and cities across the UK.

The analysis of those who eat out can be done in many ways. For example, it can be done by age, by gender, by socio-economic class and by the frequency of eating out – whether once, twice, or three or more times a week. Other examples of the types of analysis that may be done are by marital status, by the number of people in a household, by the number and age of children in the household, and by region within a country or of a specific area, etc.
Introducing food and beverage management

The types of catering establishments that the public choose to eat out at, and the frequency that they do, is also valuable information. An example of an analysis of the types of establishment visited and frequency of visit based on a sample of 2,029 adults aged 15 and over is shown in Table 1.6.

- Major research of this nature is conducted by established market research organizations such as Mintel, Keynote and other consultancy companies, who undertake major studies for the industry in general. Specific and confidential studies to answer particular questions or for particular locations are also undertaken for individual companies. Research is also undertaken by the marketing departments of medium/large hospitality companies. This does not preclude the smaller-size establishment from undertaking systematic research studies, although the sample size is likely to be smaller and the time available to do so is restricted.
Ideally, basic information should provide:

- sufficient data to aid decision-making;
- accurate and up-to-date consumer profiles, so that an organization is more successfully able to meet the requirements of the consumer;
- competitive analysis, so that an organization can in part measure its own performance.

Research of this nature to understand the needs of the customers should always be ongoing, and not just of an occasional nature.

### Food and drink

The type of food and drink that people choose to consume away from home depends on a number of factors which are of particular concern to food and beverage managers. They include:

- The choice of food and drink available: whether the menu is limited or extensive; whether the operation revolves around...
Introducing food and beverage management

• One particular product, for example, steak houses and pizzeras; or whether there is a varied choice, for example, coffee shops and wine bars.

Table 1.7 shows an analysis of the most popular types of food and beverage outlets visited by age group and by gender in the last month, from a sample of 2,029 adults aged 15 and over. This shows that 86% of the sample ate out at least once in the last month (an increase from 70% in the last edition in 1996) with pub restaurant and bars being the most popular choice, coffee shops growing strongly in popularity in second place and fish and chip shops and ‘British’ restaurants as the least popular.

Looking at the gender differences, it would appear that women eat out more often than men (another change since 1996) and are more likely to visit pub restaurants and coffee shops (the second choice for women in the 1996 survey was fish and chips!). Men on the other hand are more likely to visit Chinese restaurants and fish and chip shops.

Looking at the age differences, young people are more likely to eat out than older people, but everyone is happy to visit a pub restaurant. British restaurants appear to be more skewed towards an older clientele while pizza and pasta are skewed in the opposite direction.

The quality of the product offered, for example, locally sourced fresh organics or convenience foods: château or estate bottled or cheaper wine varieties.

### Table 1.7
Most popular eating out venues visited, by gender and age, March 2007

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Any venue %</th>
<th>Pub restaurant/ Bar %</th>
<th>Café/ Coffee shop %</th>
<th>Chinese restaurant %</th>
<th>Pizza/ Pasta restaurant %</th>
<th>Fish and chip shop/ Restaurant %</th>
<th>British restaurant %</th>
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<tbody>
<tr>
<td>All</td>
<td>86</td>
<td>51</td>
<td>32</td>
<td>27</td>
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<td>24</td>
<td>24</td>
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<tr>
<td>Men</td>
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<td>49</td>
<td>29</td>
<td>29</td>
<td>25</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>Women</td>
<td>87</td>
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<td>23</td>
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<td>44</td>
<td>24</td>
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• The quantity of product offered, that is, the portion sizes. For example, does the restaurant offer children’s meals or smaller portions for children or older people?
• The consistent standard of the product: customers returning to the restaurant for a second or subsequent occasion would expect the product to be of the same standard as they had eaten or drunk before.
• The range of tastes, textures, aromas and colours offered by a food dish, or the taste, colour and aroma offered by a drink.
• That the food and drink are served at the correct temperatures, for example, that the iced coffee is sufficiently chilled, or that hot food is hot when it reaches the customer.
• That the presentation of the food and drink enhances the product offered. This is important at all levels of catering, from cafeteria to fine dining service, where the visual presentation of the meal is very much part of the total experience.
• That the price and perceived value for money are both in line with customers’ pre-meal experience anticipations.
• That the quality of the total meal experience matches or even enhances the expectations of the guests.

Variety in menu choice

The type of menu offered by an establishment and the variety of menu choice should also enhance the total meal experience. At the lower level of the market the choice of menu items in a restaurant is usually fairly limited for a number of reasons. First, price. If a customer is paying £10–15 for a three-course meal the range of menu items that can be made available within the cost limits of such an operation is obviously more limited than in operations where the customer’s average spending power is higher. Second, the amount of time taken to consume meals at this level of the market may vary between half an hour and one hour, but will rarely exceed this. Proportionately, little of this time is spent studying the menu choice. Third, it may be suggested that customers frequenting this lower level of the market may be uncomfortable if presented with a very large menu selection and may therefore prefer a more limited, but still varied menu choice.

In fine dining restaurants where the average spending power may be well above £50 per head, the menu selection can be much greater. In these establishments which encourage a luxury meal experience, the minimum amount of time customers usually spend on a meal is one and a half hours, and may often be three hours, depending on the size of the group and the occasion. The proportion of the time that may be devoted to reading the menu and selecting from the menu items is correspondingly greater. Customers frequenting these types of establishment would also expect to be offered not only a large menu selection, but also a number of chef’s and house specialities and wines.

The menu choice offered by a restaurant is therefore dependent on a number of interrelated factors: the price the customer is
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willing to pay; the amount of time available for the meal experience; the level of the market in which the restaurant is situated and, consequently, the types of customer likely to frequent that type of operation. Further considerations affecting the choice of menu from the caterer’s point of view would be the production and service facilities available, the skills of the staff, the quality and availability of ingredients and the potential profitability of the menu.

Level of service

Broadly speaking the higher the cost of the meal to the customer, the more service the customer expects to receive. In a food court where customers are spending around £5 for a meal, the degree of service received is comparatively little: customers collect and purchase their own food from particular food units, carry it to a table, and may be expected to clear their own dishes from the table at the end of their meal. As the cost of the meal to customers increases so will the amount of service they receive. At the higher end of the eating out market, where customers may be paying over £40 per head for a meal, full service is most likely to be provided. However, the dominance of silver service at this level is increasingly challenged by chefs wishing to take direct control of the presentation of their dishes and so adopting a plated style of service.

The actual service of the food and beverages to the customer may be described as the ‘direct’ service. Part of the restaurant’s total service, however, is also composed of ‘indirect’ or ancillary services. These might include the provision of cloakroom facilities (somewhere for the customer to leave coats and bags safely); or access to the Internet. It is necessary for a restaurant to identify the level of service it is going to offer in its offer and to extend this standard of service throughout all aspects of the operation. Thus, if a restaurant has a very formal type of food and beverage service, associated with some fine dining operations, the other aspects of the restaurant service should be equally formal – the speed, efficiency and dress of staff; the degree of personalization and courtesy the customers receives, and so on. It is important, therefore, for a restaurant operation to consider not only the service of the food and beverages for which the staff are usually adequately trained, but also to remember the indirect service aspect of the operation, which are all part of the customer’s meal experience.

Price and value for money

The concept of value for money will vary from one sector of the market to another and, indeed, from one customer to another. In the majority of cases, however, customers will frequent a restaurant not only because of its food and service, but also because they feel the price they are paying represents good value for money. At the popular end of the market, inclusive ‘meal deals’ are often offered. For example, in the summer, a steak house
operation might offer rump steak and strawberries at an inclusive and competitive price, so that a prospective client is aware in advance what the main cost of the meal will be, and this will help alleviate any concern the customer may have about the total cost. At the top end of the market, menu items are often charged for separately because at this level the total cost of the meal is not such an important factor to the customer as perhaps are the other aspects of the operation, such as the standard and range of food and beverages, the level of service offered and the degree of comfort, décor and atmosphere. However, there has been a growing emphasis recently on set price menus in quality and luxury restaurants, at both lunch and dinner.

Today, some establishments include a percentage service charge in the price of their meals, others will add it separately (commonly 12.5% of the total bill), while some operations do not include a service charge but leave it to the customer’s discretion. Prices charged within the UK are inclusive of government taxes, while in some other countries the total amount of tax is shown separately. Some schools of thought consider that by not showing these ‘added extras’, such as a service charge in the price of the individual menu items, customers may be encouraged to spend more because the prices will appear very reasonable; others consider that customers prefer to know exactly what they are paying for and do not like to see these ‘extras’ added at the end of the bill.

Interior design

The overall interior design of a restaurant is one of the first physical aspects of a catering operation that a customer will come into contact with. This first impression of the restaurant is very important. Potential customers passing by may like the look of the establishment and decide to come and eat there; customers who have actually planned to eat in the restaurant and like what they see when they enter, will feel pleased with their choice of restaurant.

The interior design of a restaurant is composed of many different aspects: the size and shape of the room; the furniture and fittings; the colour scheme; lighting; air conditioning; etc. As with the previously described aspects of a restaurant, there is a need for a sense of coherence in a restaurant’s interior design. The colour scheme of the restaurant should blend and balance and be enhanced by the lighting; tables and chairs should be ergonomically and aesthetically designed so that they not only satisfy their functional purpose, but also look attractive.

The interior design of a restaurant contributes greatly to the creation of its image. A self-service cafeteria in an industrial situation, for example, may consist of a very large dining area, tables and chairs of a standard design and shape, the colour scheme of the restaurant having few variations and lighting arrangements being purely functional. For this type of catering operation a consistently steady seat turnover is required, and this is encouraged.
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by designing the interior of the restaurant so that it does not invite diners to linger over their meal; in addition a separate coffee lounge or area may be provided where customers may go afterwards and in this way vacate their seat for the next diner.

In a luxury restaurant, however, seat turnover is not so critical and, in fact, customers may be encouraged to stay in the restaurant to increase their average spend. In these types of establishment the interior design of the restaurant is made to be very comfortable: the lighting in the restaurant is quite subdued; the colour scheme has warmth and depth; there may be several particular points of interest in the restaurant, such as pictures, murals and large floral displays to hold the customer’s interest; tables are farther apart, and may be separated from one another in booths or by partitions; and the chairs are so designed that the customer may sit in them for several hours without feeling uncomfortable.

The interior design of a catering facility needs to be carefully considered at the initial planning stage and if necessary professional advice sought in order to avoid costly corrective measures later. The life cycle of the operation also needs to be taken into account as this will significantly affect the financial investment in this aspect of the catering operation.

Activity 8
Consider each of your 10 operations and list the key elements of their interior design. In what ways is the interior design affected by the purpose of your visit.

Atmosphere and mood

The atmosphere or mood of a restaurant is a difficult aspect of an operation to define, but it is often described as an intangible ‘feel’ inside a restaurant. Not all restaurants have an obvious type of atmosphere, others try to deliberately create one. For example, some fine dining restaurants have a very formal atmosphere which is created by the dress and attitude of the staff, the decor of the restaurant, the service accompaniments, the type of clientele that frequent these restaurants, etc. Other restaurants, such as pub restaurants or pizza and pasta restaurants, try to create a relaxed informal atmosphere, and one that is very sociable to be a part of and seen in.

The atmosphere of a restaurant is affected by many different aspects of the operation. They include the décor and interior design of the restaurant, the table and seating arrangements, the service accompaniments, the dress and attitude of the staff, the tempo of service, the age, dress and sex of the other customers, the sound levels in the restaurant, whether music is played, the temperature and the overall cleanliness of the environment and the professionalism of the staff. Again, the harmony between the
product itself, the service and the overall environment is important. If one of these aspects is out of unison with the others, disharmony may result in the customer gaining a confused image of the restaurant, and the customer will invariably leave feeling unsettled and remembering that one small aspect.

**Expectation and identification**

A single customer or group of customers arriving at a restaurant for a meal bring with them a series of expectations regarding that restaurant – the type of service they will receive, the price they will pay, the expected atmosphere and mood of the restaurant, etc. The customer’s expectations may be varied and numerous, ranging from the restaurant which the customer frequents because they want to be seen there and participate in its social atmosphere, to the small quiet restaurant where the customer may go because of its intimate and personal nature. Upon arrival at the restaurant, if the product presented to customers is in harmony with their expectations, it is very likely that they will be pleased with their choice and have a relaxed and enjoyable meal. Should customers sense disharmony, however, between their expectation of the restaurant and the actual product they find, they may not enter the restaurant but choose another. If disharmony is not realized until customers are seated at the table, it is unlikely that they will leave but will have a less than satisfactory meal.

There is a need for customers to be able to identify and associate themselves with a particular restaurant for a particular meal occasion. They may not always identify with the same restaurant, as their needs and expectations may vary from one meal experience to the next. For example, at a business lunch a customer may require an expensive restaurant with an atmosphere conducive to discussing business; such a restaurant, however, will not be suitable for the same customer to take their family for a special occasion. A customer therefore has different needs and expectations on different meal occasions, and similarly at different times of the day, for example, lunch and dinner. These alternating needs of customers should be identified by a restaurant and catered for differently; for example, the restaurant offering formal business lunches may offer special function catering in the evening when the demand for business meals is minimal. There is a danger in these situations, however, that restaurants may be led into catering for mixed markets, and it is important for a restaurant offering different levels of service at different times of the day, to keep them completely separate, and not attempt to be ‘all things to all people’. The first case example in Chapter 11 illustrates some of these problems.

Where different levels of markets are being catered for within the same establishment, it is sometimes possible for separate entrances to be used to service the different facilities, or functions timed so that the guests do not enter the operation all at the same time, and all require the use of the ancillary facilities simultaneously, such as cloakrooms, toilets, telephones, car parking
spaces, etc. In a hotel, for example, the specialty restaurant may be situated on the top floor featuring panoramic views, while the night club may be found on the lower ground floor; both facilities operating successfully within the same establishment, but both with separate entrances, ancillary amenities and catering to different types of clientele.

Location and accessibility

The location of a food service facility has been said to be its most important feature. The location of a food and beverage operation must be made after careful identification of the market segments to which it is appealing. For example, a take-away fish and chip shop catering to a market segment identified as couples with children of CD1 socio-economic classification could not be situated further than two or three miles from this market; any distance greater than this and potential customers would consider choosing a fish and chip shop closer to their home.

The restaurant’s location in relation to its present markets should not only be considered but also its location to possible future markets. For example, a city restaurant may rely heavily on a number of large local companies for the majority of its lunchtime trade; should several of these companies leave the area the restaurant’s demand would be significantly affected. A roadside restaurant’s trade would also be affected by the expansion or relocation of a major nearby road and consequently an increase or decrease in the volume of traffic and hence customers. The future expansion on a site with the possibility of catering to larger or more varied markets should also be considered and incorporated into the initial planning stage whenever possible.

The accessibility to a catering operation is another important factor. Customers arriving by car will expect adequate car parking facilities. If customers travel by public transport, the operation should be well served by buses, trains or taxis. If a high street take-away facility expects a large percentage of its business from passing trade there should be a heavy pedestrian flow past its doors.

Food and beverage service employees

Staff employed by a restaurant operation should complement the meal experience of the customers, and they are able to do this in a variety of ways: their social skills; their age and sex; their uniform; the tempo of their service, and so on. The number of staff serving in a restaurant is closely related to the prices charged by the establishment and the level of service that it offers. In self-service operations very few service staff are required; in some establishments the ratio of staff to customers being as low as one member of staff serving twenty to forty customers. However, in the fine dining restaurants offering full service, the ratio may be as high as one member of staff to eight or even less customers. These latter types of operations are, however, charging the customers for
this extra-attentive service and must therefore be seen to have an adequate number of staff.

Not only does the number of staff in a restaurant contribute to the meal experience, but also their attitude to customers and the tempo of their service. In a large employee cafeteria where the ratio of service staff to customers may be low and speed of throughput important, the staff are required to work at a fast and efficient speed, and where possible leave the customers to serve themselves. In a luxury restaurant the tempo of the staff is considerably slower and more relaxed because of the higher ratio of service staff to customers. It should be noted that the attitude of the staff is almost totally influenced by the management attitude and the employment climate in which they are working.

The uniforms of the service staff should be appropriate for the level of the catering operation, and again this physical aspect of the restaurant must be seen to be a part of the establishment’s total image.

At the end of the meal, staff can do a lot to reassure customers about their choice of meal experience. Because the intangible elements of a service are not visible, they are more difficult to evaluate. Customers, therefore, particularly need reassurance about the product they have purchased. Food service staff may help in several ways: at a basic level by asking if the customers have enjoyed their meal – this verbal confirmation by customers reinforces that their decision was correct in having chosen a particular restaurant; by remembering to offer customers take-home tangible items provided by the restaurant, for example, matches, sample menus, the restaurant’s card; by pointing out a special promotion for a future date and enquiring whether the customer would like to make a reservation.

Summary

This chapter has considered:

- The size and scope of food and beverage operations.
- The different methods of classifying the hospitality industry to identify the diversity of food and beverage provision and the implications for food and beverage managers.
- The nature of the job of the food and beverage manager and different ways of identifying what managers do, what they are responsible for and what are the key constraints on their activities.
- The nature of the meal experience and how it can be managed. This starts with an identification of who our customers are and what they want allowing the manager to determine their position in the market and to offer the right product at the right price for the identified market segments.
- The main factors that affect customers perceptions of the total meal experience.
Review questions

1. In what ways might food and beverage operations be classified? What purpose do these different classifications serve?
2. What do the letters POC\(^3\) stand for? How might these functions be distributed in the job of a food and beverage manager in a fast-food operation as opposed to contract food service?
3. In what ways might the expectations of regular customers differ from those of first time users?

Further reading


