Celine (郭仲华) Quek

Senior Lecturer, School of Hospitality at Republic Polytechnic

Singapore · **Contact info**

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Winning team of 2021 STR Global Virtual Student Market Study Competition.

Winning team of 2022 HSMAI Global Collegiate Marketing Case Competition.

Some statistics......Hotel Profitability

	2021	2020	2019
Revenue Per Available Room	**55,109**	**59,195**	**148,061**
Room Contribution	56.2%	60.2%	62.4%
F&B Contribution	35.7%	32.2%	32.9%
Expenses Ratio to Revenue			
Departmental Expenses	**45.4%**	**43.0%**	**39.2%**
Rooms Department Expenses	24.0%	23.3%	22.3%
F&B Department Expenses	85.7%	86.0%	73.0%
Undistributed Operating Expenses	**29.3%**	**28.0%**	**20.8%**
Labour Cost	35.1%	32.5%	27.1%
Room Labour Cost	13.4%	11.5%	10.1%
F&B Labour Cost	40.2%	41.6%	36.5%
Gross Operating Profit	**25.2%**	**29.0%**	**40.0%**

Source: STR @ CoStar Realty Information, Inc
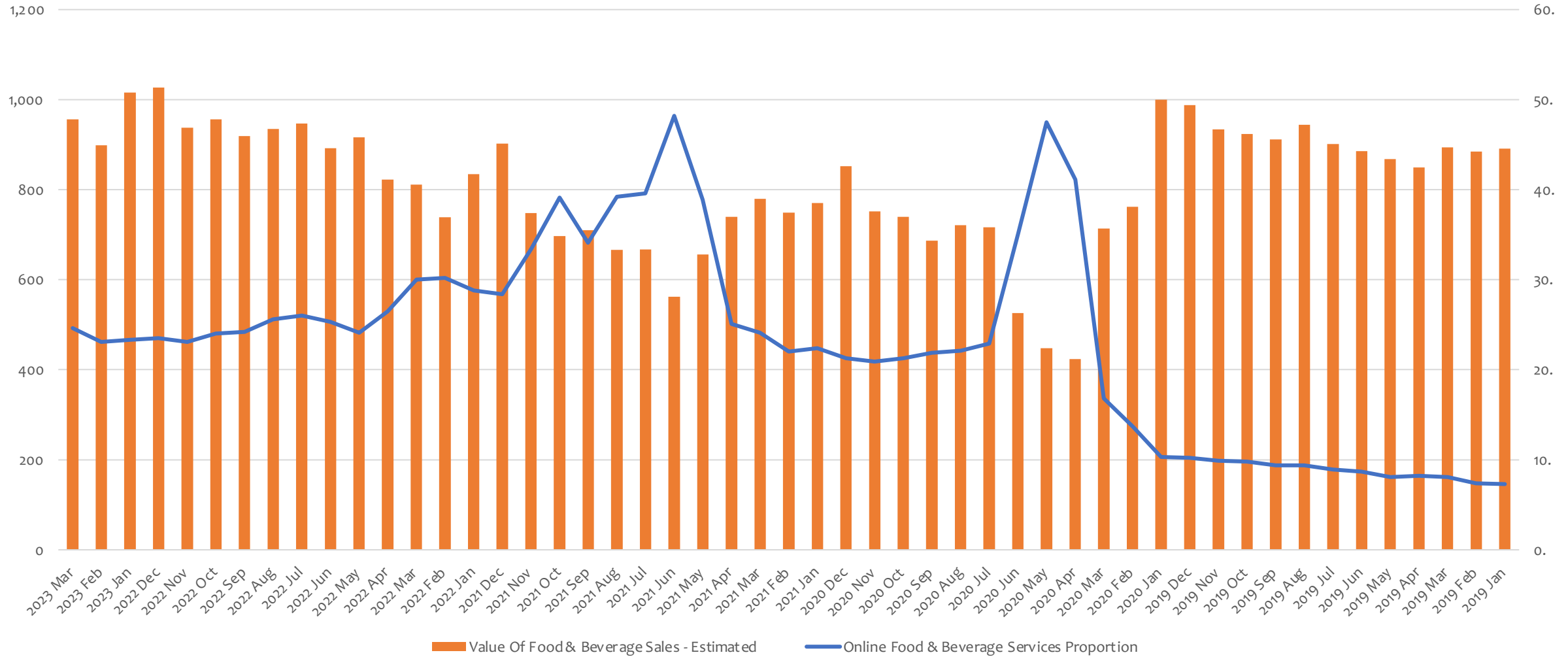
Source: Singapore Department of Statistics

Value Of Food & Beverage Sales - Estimated   Online Food & Beverage Services Proportion

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Revenue Management is to sell the **right product**, at the **right place** to the **right customer**, at the **right time** for the **right price**.

Fixed Capacity

- Footprint of Restaurant

Perishable Inventory

- Front of House and Table Inventory

Time-Variable Demand

- Predictable

Fixed versus Variable Cost

- Relatively High Fixed Cost

Segmentable Markets

- Depending on nature of the restaurant

The management team of Restaurant R, a high-volume sushi restaurant, in a busy MRT station, is having a lively discussion about capacity.

Executive Chef Seki suggests that <u>capacity is determined by the size of the kitchen</u> because, after all, customers cannot buy food that does not get made.

Sushi Chef Lei raises the point that no matter how big her prep area is, the amount of sushi that can be made is <u>limited by the number of line cooks at work</u>. If she doesn't have staff, she can't make sushi.

At this point, **Ray, the Dining Room Manager**, brings up the point that unless they switch to takeout only, the capacity of R is <u>set by the number of tables</u> on the floor and how many times they can turn those tables each day.

Chef Lei reminds Ray that the sushi bar seats 20, bringing up the idea that <u>seats are the best measure of capacity</u> at R.

Restaurant capacity can be <u>defined by kitchen size, staffing levels, number of tables, or number of seats</u>.

What are the <u>pros and cons</u> of defining capacity in each of these ways? How do you think restaurant capacity should be defined, and why?

Pros and Cons of Defining Restaurant Capacity by:

Kitchen size

Staffing levels

Number of tables

Number of seats

Operation Components

- Focus on Front of House operation flow

RevPASH

- Metric that reflect both demand and supply management

Duration and Price

- Managing the strategic levers to influence demand

Start with Data Collection

What is Needed	Levels of Detail to Consider	How to Get It
Throughput time and throughput rate	• Monthly • Day of week • Time period (usually hourly or by 15-min intervals) • Party size • Steps in service delivery system	Do a time study and use covers (# of customers served) from POS
Arrivals	• Monthly • Day of week • Time period (usually hourly or by 15-min intervals) • Party size	Manually or from POS/wait management system

Start with Data Collection

What is Needed	Levels of Detail to Consider	How to Get It
Dining duration	- Monthly - Day of week - Time period (usually hourly) - Party size - Steps in meal	Use check opened from POS or do a time study
Table occupancy	- Monthly - Day of week - Time period (usually hourly or by 15-min intervals) - Table size	Use POS or do manual data collection

What is Needed	Levels of Detail to Consider	How to Get It
Seat occupancy	• Monthly • Day of week • Time period (usually hourly or at 15-min intervals)	Use covers by time interval from POS
Average check	• Monthly • Day of week • Time period (usually hourly or by 15-min intervals) • Party size	Use revenue and covers from POS
RevPASH	• Monthly • Day of week • Time period (usually hourly or by 15-minintervals) • Party size	Use revenue

Restaurant revenue management provides restaurant owners and managers with an operating framework focused on making more money without sacrificing customer service or satisfaction.

Like hotels, the operating environment of restaurants is conducive to revenue management applications.
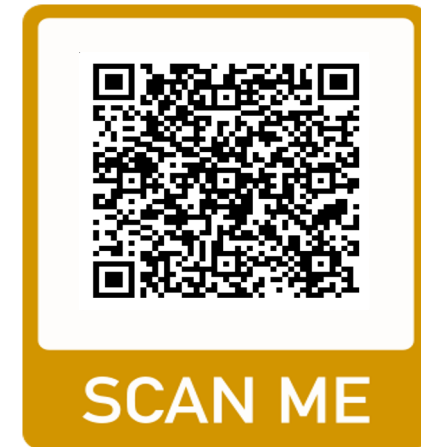
These conditions include:

- Fixed Capacity
- Perishable Inventory
- Time-Variable Demand
- Relatively High Fixed Cost
- Segmentable Markets

RevPASH is an ideal performance metric as it measures how the restaurant utilized its space to generate revenue given the above constraint in both demand and supply to manage pricing and capacity.

However, in order to be successful in restaurant revenue management, the management process has to be data driven, thus, we will need to start with data collection.

Once data is available, we could prepare an accurate forecast which will be the basis to deter demand and supply management strategies and tactics.

- Modular Short Courses of 15-30 hours leading to the attainment of Professional Certificates and eventually a Specialist Diploma.

- Blended Learning mode using e-Learning and Face-to-Face sessions.

- Topics covered include:
  - Restaurant Revenue Optimisation
  - Events Revenue Optimisation
  - Rooms & Ancillary Revenue Optimisation
  - Data Wrangling
  - Data Visualisation for Business Decision
  - Hotel Industry Analytics
  - Hospitality and Tourism Research Analytics

Starting July 2023

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