HRIM-381

Class 20 Special Topic: Managing Beverage Operations

Goals for Today

• Discuss the importance of beverage sales
• Development of extensive beverage menus
• Review of standard beverage cost tools

Examining The Importance of Beverage Sales

• Beverage sales are critical to the financial success of the majority of food & beverage operations. Why?
Why Attention To Beverage Operations Is A Critical Management Function

- Profit margins and contribution margins are usually considerably higher for beverage products
- Customers demand variety, quality and good price-value relationship
- The legal issues surrounding beverage sales and service are both complex and serious
- Employee theft is an on-going concern due to the commodity-like nature of beverage products

Ways Management Can Enhance Beverage Sales

- Develop a comprehensive beverage marketing plan
- Develop an extensive beverage menu for your property that includes variety, value and rationality and means for differentiation
- Develop incentive programs that encourage and reward sales of **ALL** beverage products
- Develop monitoring systems to control and track sales of both alcoholic and non-alcoholic beverages
- Develop a separate, comprehensive beverage sales and service training program

How to Develop A Beverage Menu

- Start with a basic inventory that reflects market demands
- Conduct a competitive analysis
- Develop relationships with local distributors
- Consider consumer marketing trends in your segment
- Determine length and scope of menu
- Develop a pricing strategy
- Develop signature specialty drinks and beverage categories
- Develop beverage cycle menus that promote specialty sales
Conducting An Area Analysis

- Collect data on your target market
- Examine the how merchandising, selling, and service of all beverages is handled by local and regional operators
- Determine what is being done with all beverages and what remains to be done (generic product v. potential product)
- Examine the local climate in terms of public attitude towards alcoholic beverage sales

Possible Areas of Focus for Beverage Marketing

- Microbrewed/Craft Beer Selection: imported and domestic
- Lambic Ales
- House brands of wine & beer bottled to spec
- Single Malt Scotch Selection
- After dinner program focusing on cordials, specialty drinks and coffees
- Single Distillation Cognacs, Designer Vodkas
- Extensive Draft Beer Selection
- Samplers, vertical tastings/ajlghts for all beverages
- Champagnes

Standard Cost Tools For Beverage Operations

- Par inventory system needed for all products
- Create & adapt standard recipes and procedures for all beverage products
- Adopt standard glass sizes/shapes and maintain an adequate inventory based on sales history records
- Use standard portion control procedures and devices
- Select proper ice shape and size for your property
Current Beverage Trends

- Champagne and “cremant style” wines by the glass
- Hard lemonades, cider and other fruit drinks
- Indulgence via premium brands (rum, vodka)
- Energy Martinis, exotics
- Rise of white and dark liquor consumption, especially amongst x and y generation, resurgence of “old school”
- House Specialty/Signature Drinks