



HOTEL LOBBY MARKET INDUSTRY WIDE STUDY

Identified Issue: Hoteliers are challenged to achieve profit and reduce labor in lobby / grab n' go markets

AT A GLANCE

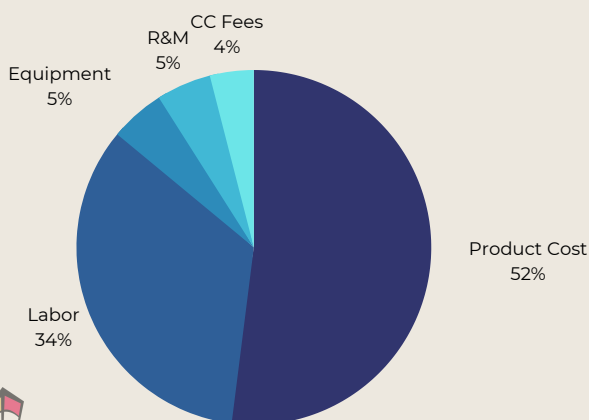
HOTEL CHALLENGES

- Allotment of labor time not sufficient for properly managing lobby market.
- Markets are not well stocked
- Technology for self-guest checkout has quirks and limitations
- Calculating true profit margins is challenging
- Design, location and square footage of market is not ideal and limits sales

EVALUATION CRITERIA

- Include lobby markets that are representative of all class types from economy through luxury
- Focus analysis with all stakeholders in market - hotel level, management company and owner
- Develop costing template to obtain accurate NOI
- Determine supply chain issues for products and develop solution options
- Study mix of product offerings within market vs. guest needs and brand standards

SAMPLE LOBBY MARKET COSTS



OBJECTIVES

Develop best practice guidelines for hoteliers in lobby market operation to increase revenue and NOI. Identify operational metrics required for optimal performance and build accurate profit calculations model.

KEY FINDINGS

Majority of the hotel industry agree that lobby markets in hotels is moving from an amenity offering to a more relevant F&B and retail outlet. In some cases, F&B Directors oversee the lobby market, whereas at others, the front desk staff manages the operation. In limited cases, the market is managed by a retail manager that is 100% dedicated to the operation. Large amount of markets have empty shelves and limited stock primarily due to lack of proper inventory, which requires more time and labor. Guests do not want to wait for check out with staff and sales is often lost. Technology for in-room charges and self check-out is desired, but integration capabilities and tech operation is not problem-free.

Primary Discoveries:

- Lobby market is not on its own P&L in hotels and therefore costs and profits have not been identified clearly
- Many hotels are not optimizing square footage space and revenue
- Hoteliers are experts at managing hotel operations, but not at retail operations, which is key for lobby markets
- Identified 5 key metrics for profitable lobby markets

SOLUTION EXAMPLES OFFERED

- Relocation, redesign or refresh of design to optimize sales
- Products that are quick-stock items producing highest sales revenue
- Targeted technology that is demographically-centered and specific to hotels needs
- Problem-solving solutions for labor and lobby store management
- Recommendations for sales data, reporting, P&L, shrinkage, inventory management
- Local flavor integration based on property geography and guest types