



HOTEL MANAGEMENT CO. LOBBY MARKET CASE STUDY

Identified Problem: A management company was unable to quantify its lobby market performance and sought a means to ensure its profitability.

AT A GLANCE

INDUSTRY CHALLENGES

- Lobby markets are treated as an amenity and convenience rather than a profit center
- Labor is assigned to market support as needed and not quantified
- Cost of comps, shrinkage and spoilage are not calculated

EVALUATION & SOLUTION

- Conduct a pro forma for market performance
- Examine alternative approaches to market management
- Recommend solutions to assist in managing non-revenue transactions

RESULTS



Increased Revenue
75% growth due to strategic insight



Reduced Expenses
labor and equipment costs outsourced



Data-based Ops
reduces spoilage by measuring demand



Our team of hospitality veterans identifies revenue boosting opportunities for hoteliers and develops long term solutions for the industry.

OBJECTIVES

Lobby markets were initially designed to more easily provide guests with access to forgotten necessities, and expanded to assist with basic snacks. After the pandemic, guest dynamics shifted and markets became more important as a source of retail F&B transactions. While products had been added, the true costs of operating a lobby market have not typically been measured.

FINDINGS

Cost dynamics of running a lobby market are more complex than realized and data helps hoteliers to realize how to better manage for profitability.

Primary Findings:

- More labor is required to manage a market than realized
- Tracking of products given for free allows an assessment of what qualifies as a reason for comps as well as better highlights shrinkage
- Employee discount programs provide incentive for purchasing from the market rather than shopping elsewhere or helping themselves to market products

PROBLEM-SOLVING SOLUTION

This particular property opted to partner with a third-party market management company that provided technology to record and process transactions for guests directly, as well as the labor to inventory, order, and stock the products in the market.

BENEFITS ACHIEVED

1. Revenue increased 75% and market turned a profit

Through data and insight, the market revenue climbed as more popular items were stocked and pricing was adjusted to be competitive with other hotels.

2. Major cost savings

Reducing costs in labor and equipment repair/maintenance allowed the market to run more efficiently and add more to the bottom line.

3. Decisions based on data

Products and quantities are determined based on guest preferences shown by purchase data, and pricing is set relative to alternatives.