

Furniture, Fixtures & Equipment

## Creating a Refreshment Profit Center: How Automated Minibar Operations Generate Revenue

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Mr. Daniel Cohen

In order to accommodate the needs of its guests, hotels introduced in-room manual minibars. Guests enjoyed the convenience and the collection of traditional favorites and unique local foods. However, what started out as simply an additional service amenity soon became a costly operation for many hotel operators.

Hoteliers realized that maintaining these manual minibars resulted in increased labor costs and lost revenue due to lost product or the non-charging of product. In order to continue to offer this service to their guests and avoid losses, hotels have now started to choose automated refreshment centers instead of manual systems. Hotels are no longer losing money from this expected amenity; they are now generating measurable, traceable revenue.

### What is Minibar Automation?

Today's fully automated refreshment centers are described as "open-display" minibars. They allow open access to the products stored within the interior compartment. Unlike the vending machines of the past, these automated systems look and feel like a typical minibar but are technically more advanced. They are equipped with sensors, on which products are placed. When a guest removes an item, the system instantly sends a message to the hotel's Property Management System (PMS); thus charging a guests' room folio accordingly. Products contained in automated systems are better organized, the units are quality built, and they promote impulse sales.

An automated minibar system helps eliminate the barriers to refreshment profitability by focusing on greater productivity and accountability through control. The result is a manageable system for the hotel and a welcomed service for the guest.

### Automated Systems Improve Productivity

#### *Reduce Labor Costs*

The first key factor in an automated system is labor cost in relation to a manual system. In general, an automated system requires only one minibar attendant for every 400 rooms as compared to a manual system that uses 4 attendants for the same number of rooms. Because minibar activity is monitored in real-time, it is not necessary for attendants to make unnecessary and time-consuming visits. For example, attendants are able to streamline their refilling process by only going to those rooms in which product has been registered as consumed. The entire minibar operation has become more cost efficient.

#### *Provide Room Controls*

Automated systems can also control many in-room devices (such as the light, thermostat, or safe). At check-in, a light can be turned on or the thermostat can be automatically set to a pre-determined check-in temperature right from the front desk. Being able to control these devices from one central location makes

operations more productive.

## **Minibar Automation Establishes Accountability**

### *Eliminate Inventory Loss*

The next factor combats product accountability. In a manual system, either the minibar attendant manually accounts for consumed products or it is left up to the guest at checkout to inform the front desk properly of any products that were taken from their room. Unfortunately, relying on these factors contributes to a high incidence of non-charges from either error or theft. With an automated system, however, a guest's room folio is updated continuously; therefore all consumed products are accounted for properly. Losses due to non-charges are eliminated.

### *Reduce Disputes*

The third factor in minibar revenue generation is decreased front desk disputes. An automated system allows the front desk to reference the layout visually of a guest's minibar at check out. Because all charges have been added to the folio throughout a guest's stay, the front desk does not have to verbally ask the question "Was anything taken from your minibar?" It is up to a guest to dispute any charges that he or she may see on their bill. If discrepancies arise, the front desk can reference the visual minibar layout and easily come to a mutual agreement with the guest. It is never a hotel's intent to second-guess its clientele; but with an automated minibar system, the front desk is now able to possess all the necessary information at checkout to serve their guests better. Consequently, unwarranted rebates are significantly minimized.

As hotels continue to accommodate the needs of their guests, cost saving systems will continue to be a priority. The creation of a profit center can be accomplished through the incorporation of an automated minibar system. An automated system reduces labor cost, increases product accountability, and decreases front desk disputes. These three facets, working in conjunction with each other, can quickly generate a positive revenue stream for hotel and resort properties. These properties are able not only to provide a service amenity to their guests, but also to establish a profitable revenue stream in the process.

## **Top Reasons for Automated Minibar**

### *1. Eliminate Missed Charges*

In a manual system, sometimes the housekeeping staff or a guest does not report consumed products before check out. With an automated system, minibar activity is virtually real-time so there are no missed charges.

### *2. Reduce Theft*

Items can be easily taken and replaced in an open or manual minibar without being properly charged. Because items are monitored and charged after a pre-set period of time (typically 30 seconds), product is always accounted for in an automated system.

### *3. Reduce Disputed Charges*

A guest can claim that he or she did not consume product, regardless of inventory status. However, with an automated system the front desk can produce a report showing sensor activity to support the charge claims.

### *4. Lower Labor Cost*

Checking and restocking the minibar is a time consuming process; consequently, labor costs are high. An automated system, however, makes the minibar attendant 400% more productive.

### *5. Increased In-Room Efficiency*

Being able to controlling in-room devices through the communication between the PMS and an automated refreshment center results in increased productivity. Devices can be turned off and on from the front desk

with a click of a button.

*Daniel Cohen is President and CEO of Bartech Systems International, the leading provider of automated minibars to the hospitality industry. Bartech has over 100,000 units installed in 35 countries worldwide. For more information, visit [www.my-bartech.com](http://www.my-bartech.com).*

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