

Contract, travel and public sector catering

Introduction

In this chapter we examine the contract, travel and public (CTP) sector catering. In many occasions the public sector and travel catering operations, are often serviced by contract caterers. However, there are still occasions where organizations provide their own in-house catering and by dividing the sector into three subdivisions, it allows us to discuss the distinct differences between the various operations. The three subsectors have shown a dramatic increase in the past few years with some sectors such as the cruise ships showing a growth in business looking to continue in the next ten years or more. The chapter aims to give an overview of the sectors to enable the reader to get an understanding of the type of technology often used as well as the marketing and financial implications for each sector.



Chapter objectives

After working through this chapter you should be able to demonstrate:

- An understanding of the *contract* catering sector focusing on:
 - Industrial catering
 - Event management
 - Sport venue catering
 - Leisure venue catering.
- An understanding of the *travel* catering sector focusing on:
 - Airline catering
 - Cruise ship and Ferry boat catering
 - Train catering
 - Roads and Motor side catering
 - Vending machines.
- An understanding of the *public* sector catering focusing on:
 - School catering
 - Universities and college catering
 - Hospital catering
 - Armed forces catering
 - Prison catering.

CONTRACT CATERING

Contract catering has evolved greatly in the past ten years and it is not uncommon to find contract catering companies investing in any of the sectors that are covered in this chapter. Traditionally, contract catering has been associated with non-profit or institutional catering, including workplace canteens, hospitals and schools however, today contract catering firms such as Compass or Sodexo have branched outside the remit of traditional contract catering and today it is not uncommon for contract catering firms to develop brands under which they operate restaurants (Figure 3.1). According to the BHA in 2006 in the UK alone contract catering reached revenues of just under £4 billion, showing a 0.8% drop in turnover from the previous year. Worth noting is the decline of contract catering in Healthcare, MOD, Local authority and private education (see Table 3.1).

For the purposes of this text we shall define contract caterers as: individuals or firms who undertake the responsibility of operating and controlling a company's catering facilities within that company's guidelines for a specified contract arrangement. Contract caterers are usually engaged for a specific period of time, after which the contract may be renewed or dissolved as both parties wish.

Catering contracts can be classified mainly in five types:

1. *Cost plus/management fee*: These are contracts where the client is billed for the cost of the operation plus a management fee.

	2001		2003		2005		% change 2001–2005
	m	%	m	%	m	%	
Business and industry	588	38	613	36.9	645	41.2	9.7
State education	227	14.7	281	16.9	265	16.9	16.7
Public catering	177	11.4	185	11.1	210	13.4	18.6
Healthcare	238	15.4	232	14	204	13	–14.3
MOD	135	8.7	161	9.7	105	6.7	–22.2
Private education	125	8.1	135	8.1	100	6.4	–20
Local authority	42	2.7	37	2.2	22	1.4	–47.6
Oil rigs, training centres, construction sites	15	1	17	1	16	1	6.7
Total	1,547	100	1,661	100	1,567	100	1.3

Source: BHA/Mintel Reports (December 2006)

Table 3.1
UK contract catering market segments by number of meals served

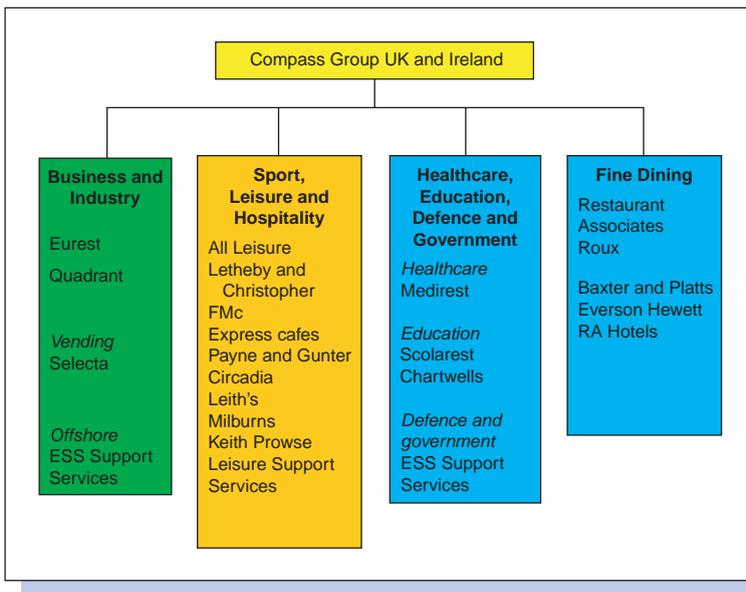


Figure 3.1 Structure of Compass Group the largest catering company in the UK. Compass Group employs 90,000 employees and has 8,500 sites in the UK alone. Worldwide the compass group employees 400,000 employees and annual revenue of approximately £11 billion (Source: <http://www.compass-group.co.uk>)

2. *Fixed price/performance guarantee*: Contracts where the clients agree a total subsidy and the costs may not rise above the agreed figure.
3. *Profit and loss concession*: The client and the caterer agree to share the profits or loss of the operation.
4. *Total risk*: Total investment covered by the caterer who earns all profits.
5. *Purchasing*: A contract for purchasing only.

Contract caterers are involved in all types of industrial catering situations, ranging from the small independent concerns to the large multinational organizations and may become involved for different reasons: for example, the organization's dissatisfaction with the existing services; complaints about the standard of catering have been made at staff meetings and repeated attempts to improve the facilities have failed, or the company does not wish to become involved in operating the catering facilities itself as it may not be its core business or recognizes that it does not have the expertise and so engages the services of contract caterers.

Industrial catering

Industrial catering can be defined as catering taking place in businesses. For example, major retail operators will offer catering to their employees and whilst sometimes they may have an in-house catering division, most often they will hire a contract caterer. Another example of industrial catering is the catering supplied to employees of organizations that provide financial services. Other businesses that may be included would be catering in oil rigs, construction sites, and training or conference centres. Indeed the subsector is so large that it exceeds an annual turnover of £660 million (see Table 3.1). Typical contracts agreed between organizations and caterers tend to be fixed price and profit/loss concession and total risk.

Financial implications • • •

Product pricing is a major issue for industrial catering. The market can be characterized as semi-captive as it would be convenient for employees to use the caterer but they also have the choice to use other food and beverage providers or bring in their own lunch. Of course there are exceptions to this such as catering provided in oil rigs where employees have no alternative but to consume what is provided by the caterer. Supermarkets tend to offer good quality luncheons not only in the form of sandwiches but also in hot and freshly prepared food at very competitive prices. Caterers have to ensure good quality of food is provided with food items that are around the range of £3–£5.

Marketing • • •

Ensuring that the caterer is the prime choice for the employees of the business can be affected by the marketing efforts of the caterer. Day specials and promotional packages (such as food and drink special deals) will often be advertised on a company's intranet or message board. Traditional methods such as flyers may also be used but the speed and cost effectiveness of an email makes it a prime method of communicating with potential clients.

Product and service styles • • •

Counter service and take-away service styles tend to be the preferred service style for such operations, however buffet style and self-service may be used. The main products are snacks and take-away food, so product packaging can be important as some caterers may have limited seating space and employees may also choose to buy the product and consume it later.

Staffing • • •

These operations tend to be staffed by regular members of staff. Caterers will often have other operations in nearby sites so staff mobility between operations can be an option. This flexibility can become important especially when there is need to cover staff leave or sickness periods from one outlet to another.

Technology • • •

Food holding technology is very important. An off-site central kitchen may be used that supplies a number of operations. Ensuring that the quality of food is maintained through the transportation and delivery is paramount. Electronic point of sale (EPOS) technology can help with forecasting of sales thus reducing wastage. Communication technologies such as access to host company electronic boards or intranets and group mailing lists can be a great advantage to the caterer for marketing purposes.

Event management

An increasingly important area in Hospitality Management is that of Event Management. Although event management involves all those aspects that are required to organize a successful event, the provision of food and beverage is often of paramount importance to guarantee the success of the event. Policy decisions relating to function catering are largely determined by a number of characteristics inherent in this type of catering. The first is the season. The second is the concentration of events during these months, which are mainly at weekends, particularly Friday and Saturday events, during which time an operation must seek to maximize its sales potential. Third, a considerable amount of information is available to the caterer in advance of the organized functions; this includes the number of guests to be catered for and for which meal periods, for example lunch or dinner; their time of arrival and departure; the menu they are to be given and the price being paid per guest.

The basic policies relating to function catering are usually quite specific to this form of catering. If function trade is an establishment's only source of business then the policies laid down will only relate to this type of trade. In other establishments, however, such as hotels, the function facilities may be one of a number of catering outlets, although even in these organizations the banqueting department will often have policy decisions relating specifically to this department.

Activity 1

In groups of 3 plan an event. Use a brainstorming session to identify the event concept and key considerations with planning and managing of the event. The event concept can be based on a specific theme, for example an Italian Evening or a Casino Night. You are only limited by your imagination.

Banqueting and functions and large-scale events • • •

Function and event catering may be described as the service of food and beverages at a specific time and place, for a given number of people, to an agreed menu and price. Examples of function catering include social functions, such as weddings and dinner dances; business functions such as conferences, meetings and working lunches; and those functions that are organized for both social and business reasons such as outdoor catering at a sports event, show or exhibition.

Function catering is found in both the commercial and non-commercial sectors of the catering industry. The term 'banqueting' can often be used within hotels to describe the department that deals with function catering. The typical hotel function or banqueting 'season' runs between the months of October and May with the busiest months being December and January. For the rest of the year some of the facilities may be used for providing separate restaurant facilities for tour groups who normally have limited time available for meals and whom the hotel may wish to keep apart from the normal day-to-day restaurant business. The function facilities may also frequently be let on a day or half-day basis for such occasions as antique shows, trade exhibitions, fashion shows, etc. where the requirement of food and beverages may be very limited.

This function season is more noticeable in certain types of establishments, particularly those organizations whose sole purpose is function catering, and those that offer purpose-built facilities such as hotels. In other establishments such as public houses, department store restaurants, industrial cafeterias, etc. the function season is not so evident, as existing dining facilities are usually adapted for function events rather than specific facilities being available; however, even these types of operations are still likely to experience peak periods during the year when the function facilities are in greater demand than at other times. This characteristic fluctuating of demand associated with function catering has implications for such establishments' basic policy decisions, and these are discussed below.

Financial implications • • •

The logistics required for such events can be extremely complicated. Often the event might take place in a location that there is no production capabilities and the food and beverage will have to be produced at another site and then transported and

served on-site. For the company taking on such a project there are the additional costs of transportation to take into account. When negotiating the contract the caterer will have a number of ready-made and costed menus but often in events such as weddings the customer might require a very specific product that the caterer will have to customize. Using the wedding as event example, beverages will often be included in the cost per head or cover. Meaning, cost per customer. Because the margins per head are normally very small the caterer makes the money on the volume of the event.

The pricing structure for an establishment's function catering facilities will be largely determined by its cost structure, with particular reference to its fixed and variable costs. This is most in evidence in the non-commercial sector where functions may not be fully costed, that is not taking into account the fixed costs of the operation. Where the costing of function menus is based mainly on covering food and labour costs, it is important to remember that both of these increase with the size and quality of function offered. However, due to the volume of sales the food and labour costs as a percentage of actual sales will slightly decrease; it is necessary therefore to not only consider the food costs per function but also the potential benefits to be gained from a reduction in labour costs. There are a variety of pricing structures that may be used for costing functions, the adoption of any one being determined by such factors as the type of organization, the standards of food and beverage service to be offered, and the cost structure of the establishment.

Marketing • • •

There is such a varied type of events that a catering company or a hotel banqueting department may use any of the traditional marketing such as Leaflets, radio, TV, magazine and newspaper adverts. According to Brewin Dolphin, a financial research company, the market for weddings is worth £4.2 billion each year with the average wedding to about £16,000 no wonder hotel banqueting departments and contract catering operators are competing for this lucrative segment.

Sample function menus produced by an establishment need to be of a good quality and appearance as the customer will often wish to take them away to study before deciding on the function menu. These sales tools should also be of a standard consistent with the level of operation and the type of image it is trying to project. Function 'folders' containing details of all the different facilities offered by an establishment are often produced by organizations which may be distributed to prospective clients advertising the establishment's function facilities.

A function 'folder' often colour-coded for easy reference by the client, would most likely be composed of the following:

1. An envelope type folder with the company's logo, title and address clearly displayed.

2. A personal letter from the function/banqueting manager to the client.
3. A list of function rooms together with details of the numbers that could be accommodated for different types of functions, for example a formal lunch or dinner, a dinner dance, a buffet type reception, a theatre-style conference/meeting, etc.
4. Plans of the room with basic dimensions, position of power points, telephone points, ceiling heights, etc.
5. Sample menus for lunch, dinner, buffets, meetings, etc.
6. Details of audio-visual equipment available for meetings, for example lecterns, microphones, overhead projectors, screens, etc.
7. Details of accommodation facilities available, often at special rates for guests attending a function/meeting.
8. Coloured postcards of the hotel/function rooms.
9. Relevant simple maps and parking arrangements where necessary.

Product and service styles • • •

The product may vary depending on the type of the event and it may be anything from buffet style service to full table service depending on the customer request. Silver service and family service styles are quite common when table service has been requested. Functions may include a reception stage where canapés and appetisers are served by “satellite waiters”. This is often known as the Butler style of service.

Staffing • • •

Caterers as well as banqueting departments will normally have a core of staff and will then use agency staff to cope with larger events. Because of this the quality of service may suffer as the operator cannot guarantee the skill level of the agency staff. Some contract catering companies train their own casual staff and they then have a ‘Bank’ of casual staff that they may call upon when needed.

Technology • • •

Food holding technology is very important to contract caterers. Because the business is more predictable as the numbers of customers are known hotel kitchens may use their staff to prepare the food for a large function before hand and load it to already plated to specially designed racks that can fit into combination ovens. Food can then be either completely cooked at the time needed and served straight from the racks or pre-cooked/chilled and then re-constituted.

Sport venue catering

Sport venue catering includes catering offered in stadia, football, cricket, rugby, horse racing venues, private health and fitness clubs, golf and other sports. The sector is hard to quantify as each country has a large number of venues and catering operations are largely fragmented. In 2004, Mintel was estimating the sector

in the UK to worth £354 million. With the introduction of new venues since 2004 including the Wembley and Arsenal Stadia in London in 2007 and 2006, respectively, the UK sector is estimated to exceed the £400 million mark in revenue today. In the UK there are 365 stadia whilst the USA currently has 1,726. With 9,379 stadia around the world (Table 3.2) the revenues generated through the sale of food and drinks alone must be well over the £10 billion mark today (Figure 3.2). There are three common types of contracts often found between caterers and venue operators. The first is where the venue takes a percentage of the revenue generated by the contract caterer (performance guarantee). The second is where the venue simply leases their facilities therefore enjoying a fixed stream of income (total risk). The third is a relatively newer type of arrangement where both caterer and venue work in partnership setting a joint venture and splitting the profits generated equally (profit and loss concession) (Mintel Reports, September 2004).

Financial implications • • •

With approximately 9% of the world’s stadia having a capacity of over 30,000 the logistics required for the catering of such large

	Number of venues
Africa	525
Asia	884
Central America	260
Europe	3,780
Middle East	424
North America	2,125
Oceania	260
South America	1,121
Total	9,379

Source: <http://www.worldstadiums.com>

Table 3.2
Number of stadia around the world

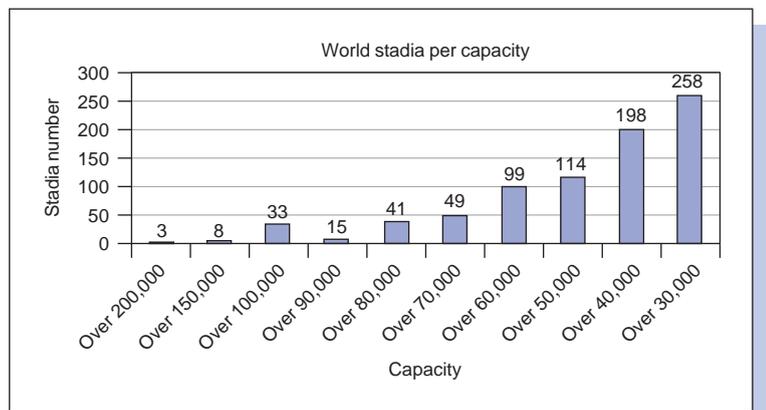


Figure 3.2 Number of world stadia per capacity (Source: <http://www.worldstadiums.com>)

operations can be extremely complex. If we consider the newly finished Wembley stadium in London, UK, the catering logistics required are phenomenal. The stadium has a capacity of 90,000. With 60 bars and 41 food and beverage outlets the stadium hospitality facilities include conference rooms of up to 1,000 capacity and reception rooms for up to 3,000 capacity. With 803 points of sale and a total of 3,000 hospitality employees, Wembley is one of the biggest catering sites in Europe. It includes a 950 cover Atrium restaurant, serving buffet food, the great hall and banquet space for up to 1,500 people, as well as four signature restaurants of 650 covers each, including two à la carte eateries and two brasseries. It also features two Champagne and seafood bars as well as two large free-flow public catering areas, 162 private boxes, two super boxes and a royal suite for up to 400 people Kühn (2007). This example illustrates the fact that stadia incorporate types of food and beverage outlets from every sector described in Chapter 2, making it an extremely complex operation that would require careful planning and organization to ensure success.

Marketing • • •

Many of the venues will try to entice the consumer earlier than the starting time of the event to maximize sales. Often leaflets might be handed at to the public featuring 'early bird' offers as well as the type of food and drinks on offer at the venue. Meal deals often seen in fast-food operations are also a popular promotional tool to increase multiple item purchasing. For example, a consumer may be offered to buy a pint of specific lager and a pie and gets a bag of crisps for free. The major contract caterers such as Delaware North, Compass and Sodexo use the Internet extensively as a marketing and promotional tool.

Product and service styles • • •

Soft and hot drinks and sandwich markets appear to be the most popular items according to Mintel. However, it is not uncommon for exclusive restaurants to be featured in many of the worlds stadia. Therefore the service and product style often seen would incorporate all the production styles and service styles of the sectors illustrated in Chapter 2 of this book. However, it is worth mentioning something specific to stadia in terms of service styles; often catering staff may be seen moving around the stadium selling food and beverages whilst a game is taking place. They can be on foot carrying trays or in some cases in specially converted bicycles that allow the sale of cold bottled beverages or even warm food.

Staffing • • •

Staffing can be a major 'headache' for the human resources management of such an operation. Because of the fluctuation of the events that could range from the corporate entertainment of a

handful of people to that of a few thousands the organizations involved tend to have a core of permanent staff whilst they manage an often enormous database of casual staff that can be called upon to cover a certain event. Two major problems emanate from such a setup. The first is that of consistency, so organizations will have to ensure that all staff are trained to ensure standards of production and service are maintained at all times. The second is ensuring that the casual staff in the database get enough work every week to keep them interested in coming back for more work in the future.

Technology • • •

Two key considerations in such environments are paramount: health and safety, and speed of service. Advancements in technology enable operators to have better control of their food production ensuring health and safety standards are maintained throughout the production and service delivery. With large stadia that often have an excess of 500 selling points, EPOS systems and networking technology has to be extremely robust. Technology can also ensure that food production and food holding can be achieved with larger numbers than ever before. The new Wembley stadium in the UK features a beer dispensing system that has the pumping capability of four pints per sixteen seconds with the stadium number of sales points that means at optimum production their 803 points of sale can produce 45,169 pints in fifteen minutes. That is half the total possible capacity of the stadium and in theory it would mean the end of customer queuing for a pint.

Leisure venue catering

Leisure venue catering is catering offered in venues such as museums, theatres, cinemas, historic buildings, zoos, wildlife parks, art galleries. Perhaps, because of the captive nature of the market the key management issues that appear to be prevalent are that of pricing and quality. In the UK, the market has exceeded the £2 billion mark since 2006. However, the growth of the sector compared to that of free-standing restaurants is quite slow suggesting that improvements could be made (Figure 3.3). Although the majority of leisure venues outsource their catering a significant number chooses to keep their catering in house. This is more prevalent in cinema and theatre catering.

Financial implications • • •

Although catering in museums has shown the largest growth in the leisure venue catering in recent years Museums and art galleries in the UK have lost a major competitive advantage. With the introduction of free admission consumers have the option to go to a high street restaurant and re-enter the museum or gallery later. What was once a captive market has now become at best a semi-captive one. This meant that catering in such establishments has to offer a better value for money than it has

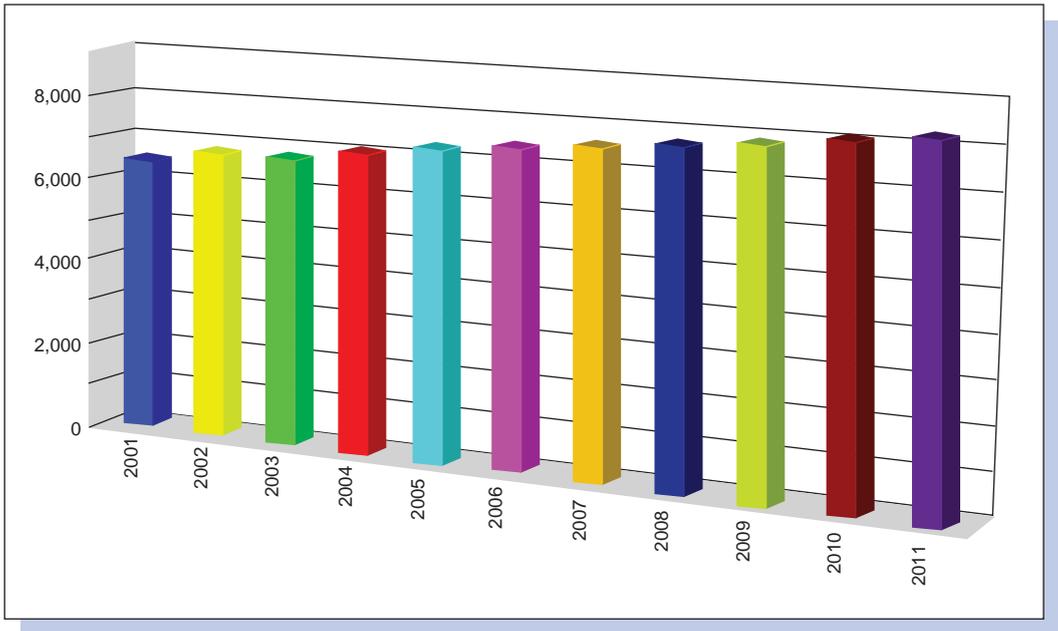


Figure 3.3 Trends in the UK Leisure Venue Catering market, 2001–2011 (in million pounds)
(Source: Mintel Reports, March 2007)

done in the past, ensuring that costs remain low whilst quality of product and price remains competitive enough to entice visitors to buy from their outlets. In order to ensure higher profit margins whilst remaining competitive leisure caterers will have to ensure that they maximize their sales per available customer within the venue. That means that vendors must ensure that the long queues that often put off consumers must be minimized.

Marketing • • •

Apart from the common promotional techniques used such as meal deals and discounted offers, catering in leisure venues over the past years had a reputation of bad value for money. Caterers today must not only ensure that customers are enticed to buy their in-house products but also that they develop a brand that communicates quality and efficiency to the consumer. This one of the main reasons leisure venue operators will often chose to outsource their food and beverage provision to well-established contract catering companies. The main operators in the UK are Compass, Sodexho and Elixir although there are other operators such as DO & CO, Searcy and Caterleisure (Figure 3.4).

Product and service styles • • •

The majority of visitors purchase snacks or take-away food such as burgers, hot dogs, crisps and chocolate. Therefore the majority of the food provision can take often the form of retail. Counter, buffet and take-away service styles tend to be amongst the more popular for leisure catering (Table 3.3).

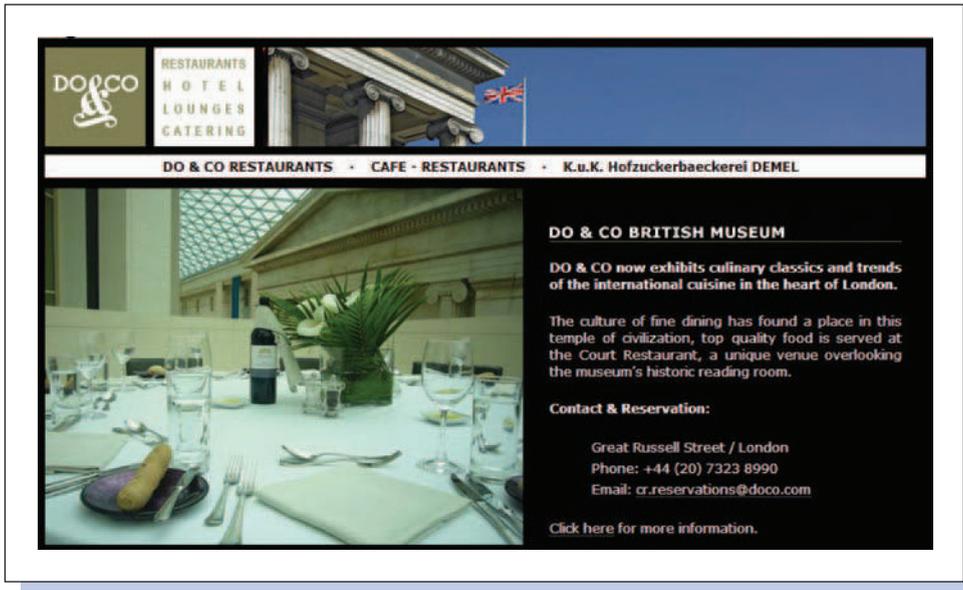


Figure 3.4 DO & CO at the British Museum (Source: <http://www.doco.com>)

All events no matter the location share one trait: meticulous attention to detail and as a consequence training by our in-house academies is essential. The British Museum, or any other historic building is one of the most challenging environments a caterer can operate within. One minute it can be empty, then it rains, and within one hour it can be full, which is very difficult to plan for. Alternatively, the museum may provide us with a one-hour window to set up an event for over 1,000 people with hot food and drinks in one of the galleries.

The museum has procedures and protocols for almost everything. Ranging from the serious, such as the evacuation procedures, which results in many customers walking off and leaving their food and bills. To the not so serious, such as the procedure for removing a pigeon perched on the planters in the restaurant, giving the customers cause for concern.

Catering by its very nature needs to be flexible and elastic; however the museums are institution governed by their own regulations that can often be inflexible. In order to effectively run a multi-unit catering operation within such a unique space, it is important to understand the limits of what you can change and what you cannot (i.e. playing the system). And, of course, knowing the right people means everything!



Christian Bayer, Project Manager and Chris Marsland, Food and Beverage Manager of DO & CO at the British Museum explain the challenges of events and running a catering operation at a museum.

	Percentage of a sample of 809 visitors
Cold snacks (e.g. crisps, chocolate, nuts)	47
Hot take-away food (e.g. hotdog, burger, hot pie/pastry)	45
Cold take-away food (e.g. sandwiches, ice cream)	45
Hot snacks (e.g. chips, nachos)	30
Hot sit-down meal (e.g. pizza/pasta, shepherds pie, curry)	27
Cold sit-down meal (e.g. salad, sandwiches)	19
Healthy snacks (e.g. fruit, energy/cereal bars)	19
Others	1
Did not buy food	15

Source: Mintel Reports (March 2007)

Table 3.3
Types of food bought at leisure venues, 2007

Staffing . . .

In recent years, the minimum wage in the UK has been increased much faster than inflation rates. This has caused an added challenge to operators and for a sector that was traditionally perceived as an expensive one compared to high street vendors transferring the added cost to the consumer farther expanded the gap between consumer expectations and value for money delivered. When catering is kept in house, operators have a separate staff division that focuses on hospitality. Casual staff are also used as there is a fluctuation of visitors depending on day of the week, weather and time of the year. During weekends and school breaks, for example, leisure parks tend to be at their busiest. This in turn does affect the quality of service especially with the larger operators.

Technology . . .

One of the key allies in recovering product and service quality lies in the investment of information technology. The latest EPOS technology can help managers keep track of customer preferences as well as employee productivity, this can be a great tool in allowing the manager to identify a member of staff that may be in need of further training or even award that excellent member of staff that could otherwise go unnoticed.

TRAVEL CATERING

Travel catering (i.e. road, rail, air and sea) has a number of characteristics not commonly associated with other food and beverage outlets. It frequently involves the feeding of a large number

of customers arriving together at a catering facility, and who need to be catered for in a specific time, for example, on board a plane. The plane only carries sufficient food and beverage supplies for a specific number of meal periods. If for any reason this food cannot be served to customers, alternative supplies may not be readily available. The service of the food and beverages may be particularly difficult due to the physical conditions within the service area, for example, turbulence on board a plane. The types of restaurants described previously are usually catering for a specific and identifiable socio-economic market. Travel catering often has to cater for 'mixed markets'. Finally, there are the problems of staffing these food and beverage facilities: the extra costs involved in the transportation and service of the food and beverages; space restrictions and the problem of security while the operation is in transit. Four main types of travel catering may be identified: Airline catering, Cruise ship and Ferry boat catering, Train catering and Motorway catering.

Airlines

The major new trend of the past ten years in the Airline industry in Europe has been the introduction and substantial growth of the budget or 'no frills' airline phenomenon. Companies such as Easyjet and Ryanair have shown amazing growth. The total airline growth from the year 2000 to 2006 has been an amazing 30% (Figure 3.5) but mainly due to the increase in budget airlines the in-flight catering expenditure had a downward trend in recent years (see Table 3.4).

Airline catering has increased and developed considerably over the past twenty-five years. Originally consisting of sandwiches and flasks of tea, coffee and alcoholic beverages, the progress to today's full and varied service has paralleled that of aircraft development itself. In budget airlines, however, the product has gone back to the basic trolley with sandwiches, snacks chocolate and limited selection of beverages on offer. Airline catering falls into two main areas: terminal catering, and 'in-transit' or 'in-flight' catering.

Financial implications • • •

The cost of a hot meal and beverage to the airline is about £6.50 but the biggest cost to the airline is the waiting to restock the

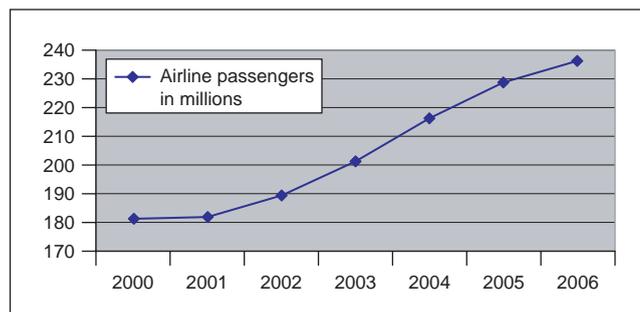


Figure 3.5
UK Airline passengers,
2000–2008 (Source:
Adapted from CAA)

Table 3.4
UK onboard catering market,
by sector

	2002		2005		2007		% change 2002–2007
	£m	%	£m	%	£m	%	
In-flight	613	72	590	72	577	72	–6.0
Ferry	170	20	155	19	152	19	–10.6
Rail	69	8	75	9	73	9	+4.2
Total	852	100	820	100	802	100	–5.9

Source: Mintel Reports (May 2007)

aircraft and time at an airport can mean a big loss of income to the carrier. If, for example, a carrier flies from London, UK to Athens, Greece, it may cost the airline less to stock up for the return trip (Athens–London) as well, limiting the waiting time at the Greek airport. This is especially true for budget airlines as they are well known for their strategy of limiting their turnaround time (see Table 3.5).

Marketing • • •

Airlines have tried to different experiments to alleviate the widely held customer perception that airline food is bland. Some airlines have tried introducing high street brands in their food packaging. Quite often the quality of the food is used in their marketing campaigns as a unique selling point, and airlines will employ a well-known chef to design their menu as part of their marketing efforts (see product and service styles). An interesting resource worth mentioning is <http://www.airlinemeals.net/>. This website invites members of the public to upload pictures of their in-flight food.

Activity 2

Thinking of the last airline you travelled with, see if you can find some pictures of their in-flight menu on the Internet.

What are your views of the in-flight catering service and food quality in general?

Can you recall any differences between different airline food?

Product and service styles • • •

The in-flight catering service varies considerably with the class of travel, type and duration of flight. For the economy travellers, the food and beverage portions are highly standardized with the meals portioned into plastic trays that are presented to the passengers and from which they eat their meals. Disposable cutlery, napkins, etc. may be used to increase the standard of hygiene and reduce the weight carried and storage space required. Gourmet

Airline	Aircraft km (in thousands)	Number of flights	Flight hours	Number of passengers	Available seat (km in thousands)	Seat (km) used (+%)
Air Atlantique	948	3,305	3,250	21,431	47,918	50.8
Air Southwest	3,209	13,790	12,359	328,084	160,644	61.8
Astraeus	21,629	9,581	29,524	809,968	3,720,734	76.9
Aurigny Air Services	2,688	20,182	10,153	419,552	132,816	67.6
BA Connect	55,483	91,862	130,780	3,302,742	3,480,415	58.9
BMED	20,268	6,271	25,185	376,434	2,813,929	53.6
BMI Group	94,487	125,477	201,039	9,942,528	13,811,843	69.1
British Airways	614,195	266,081	921,161	32,724,392	146,729,551	76.7
British International	396	6,296	2,155	117,256	9,877	74.5
Eastern Airways	13,691	34,370	33,668	500,071	469,063	45.9
EasyJet	228,702	226,185	409,521	27,970,593	33,885,755	81.5
European Air Charter	2,500	1,681	3,944	161,941	324,071	82.1
First Choice Airways	78,515	29,493	113,194	5,517,283	17,737,530	90.7
Flightline	2,762	7,212	7,029	175,525	281,024	48
Flybe	41,228	86,044	79,541	4,536,841	3,987,743	63.3
Flyglobespan	25,135	11,625	37,720	1,489,377	4,205,776	82.5
GB Airways	42,337	21,753	65,653	2,741,717	6,915,735	80.4
Isles of Scilly Skybus	697	6,736	3,128	53,638	10,923	57.9
Jet2.com	32,233	26,808	56,244	2,831,922	5,166,385	77.2
Loganair	6,361	31,399	24,814	496,537	197,148	56.1
Metropix UK	438	169	560	776	6,132	31.1
Monarch Airlines	71,630	32,256	105,672	5,788,234	18,016,794	82
My Travel Airways, UK	54,625	18,573	78,020	3,568,277	13,421,516	91.2
Scot Airways	4,630	8,720	10,468	164,731	143,511	61.4
Thomas Cook Airlines	66,563	23,609	93,525	4,872,999	16,446,072	87.2
Thomsonfly	117,917	54,063	175,953	9,617,416	27,632,857	86.9
Titan Airways	3,481	2,867	4,554	64,677	518,496	70.3
Triair (Bermuda)	293	129	371	659	4,140	29.8
Virgin Atlantic Airways	139,528	18,960	177,897	4,887,541	48,308,314	72.8
Silverjet (October–December)	1,403	446	1,996	90,756	324,403	84.3
XI Airways, UK (September–December)	16,283	5,573	23,373	1,044,726	4,067,039	86

Source: CAA <http://www.caa.co.uk/>

Table 3.5

UK airline statistics, 2006

food in the airlines is another recent trend. To ensure a “Gourmet Brand” in their menu, Airlines are hiring celebrity chefs such as Guy Martin, of Paris’ three star Le Grand Vefour Hotel, working for Air France; Govind Armstrong of Table 3.8 in Miami and Los Angeles, working with Air New Zealand and Christian Petz, of Vienna’s Restaurant Palais Coburg, working for Austrian Airlines. Stephan Pyles, of the Dallas restaurant, working with American Airlines whilst Charlie Trotter, the Chicago chef, introduces dishes created for premier United Airlines passengers. The lower than normal air pressure can affect customer perception of taste as well as digestion and executive chefs designing a menu will often taste it mid-air to ensure they have compensated for this. Added to that is the fact food is not cooked on board, it is just warmed. Meals are prepared twelve to sixteen hours in advance chilled and then held at low temperatures.

Service is from a gueridon trolley, where food is portioned in front of the customers and any garnishes, sauces, etc. are added according to their immediate requirements. The crockery used may be bone china and this combines with fine glassware and cutlery to create an atmosphere of high-class dining. Some airlines offer full silver service menu for their first class and business travellers.

A characteristic of airline catering is that this service is often contracted out to a specialist catering firm, which will supply a similar service to many airlines. The meal is usually included in the price of the fare with the exception of budget airlines. The growth in air travel has made competition fierce, and the area of food service is now a particularly competitive aspect of the total service offered by an airline. An interesting concept currently in the USA is that of gourmet meals delivered to the airport by the SkyMeals company (see <http://skymeals.com/>).

Staffing • • •

Food and beverage outlets at air terminals usually consist of self-service and waiter service restaurants, supplemented by vending machines and licensed bars. The major restaurant brands often seen in high streets can also be seen in airport terminals.

In flight catering service is delivered by the flight attendants, who often see the service of food and drinks as secondary to their responsibility of ensuring the health and safety of passengers, this can be especially true if customers are flying in the economy class. Although health and safety should always remain flight attendants primary responsibility airlines that wish to claim a competitive advantage ought to train and offer incentives to individuals that offer exceptional service.

Technology • • •

The main issues with aircraft are that of space and weight. Ensuring that on-board ovens are lighter, take less space and consume less energy are of primary importance. Advancements in technology may mean that airlines may be able to offer a menu fully cooked on board one day.

Cruise ships/Ferry boats

The cruise ship sector is one of the fastest moving sectors in the hospitality industry. The number of passengers has grown to more than 12 million in 2006 from approximately 500,000 in 1970. Forecasts suggest that by 2012 the global industry will reach 20 million passengers with the USA and UK leading in terms of cruise ship passengers (Table 3.6). Budget or 'no frills' cruise liners are making an appearance with new companies such as Caspi Cruises, Easy Cruise, whilst older budget companies such as Thomson or Louis Cruise Line increase their fleet capacity.

On the other hand, Ferry boat catering has slumped as the numbers of Ferry travellers has dramatically decreased due to the increase of low-cost airlines. In UK, the onboard catering market was valued at £155 million for 2005, a 19% decrease since 2000, and the trend is still going today (Mintel Reports, May 2007).

Financial implications • • •

Whilst cruise ship catering promises growth Ferry boat catering is extremely competitive. Mintel is forecasting a downward trend continuing well into 2010. Traditional cruise liners are looking to be more innovative continuing with all inclusive packages but offering optional extras. Wedding and honeymoon packages are another two products often offered by cruise liners.

Marketing • • •

Cruise liners are expanding their marketing strategies to target non-traditional market segments. Increasing competition in the budget sector forces them to think innovatively in finding ways to sell their product without conflicting the more traditional brands. Special promotions, discounts during low season,

	2001	2002	2003	2004
North America	6,906,000	7,470,000	8,195,000	9,107,000
UK	776,000	824,000	963,000	1,029,000
Continental Europe	1,130,000	1,296,000	1,709,000	1,758,000
Asia (excluding Japan)	600,000	600,000	500,000	450,000
Japan	200,000	220,000	200,000	200,000
Australia	75,000	116,000	154,000	158,000
Latin America	315,000	312,000	320,000	340,000
Others	190,000	360,000	300,000	315,000
Total	10,192,000	11,198,000	12,340,000	13,377,000
% change	1.20%	9.90%	10.20%	8.40%

Source: Mintel Reports (September 2005)

Table 3.6

Ocean cruise passengers worldwide, 2001–2004

special occasions, anniversary gifts to customers are some of the promotional tools used by most liners.

Product and service styles • • •

Sea or marine catering varies from the provision of food and beverages on the short sea route ferries to the large cruise or passenger liners where the catering facilities are an important part of the service offered by the shipping line and are usually included in the price of the fare. On the cruise liners the standard of catering facilities is high because they are an important sales feature in a competitive activity. On the short sea routes, however, price is usually a more important factor and because of the necessity to feed large numbers of people in a short time the catering service provided is usually of the popular and fast-food type. In the cruise liners companies appear to be more innovative than ever with companies such as Princess Cruises serving dinner in customer cabins or suite balconies ensuring extra food and beverage income. The Gourmet 'bug' is also appearing in the cruise sector with celebrity chefs such as Todd English on Queen Mary 2; Nobu Matsuhisa and Wolfgang Puck on Crystal; Marco Pierre White on the new P&O Ventura (Figures 3.6 and 3.7) and Gary Rhodes on two P&O's ships, Oriana and Arcadia. Service styles can range depending on cruise liner from full silver service to self-service and buffet. With Ferry boats the service style often is cafeteria or take away due to the short journeys involved.

Staffing • • •

After casino sales one of the largest revenue generators in cruise liners is beverage sales. Staff are trained extensively in up-selling

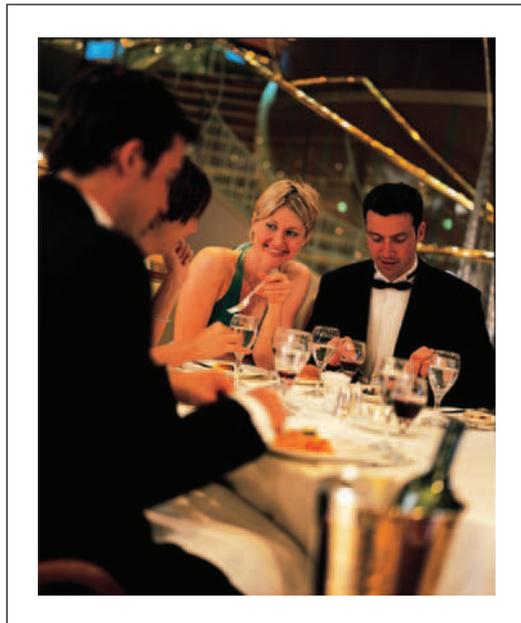


Figure 3.6
Cruise ship dining. Photo courtesy of P&O (Source: <http://www.pocruises.com>)



Figure 3.7 The new Ventura super liner by P&O Launching April 2008, this cruise liner is 115,000 tons with a capacity of 3,600 passengers, 1,200 crew, 1,546 cabins (880 balcony cabins), 11 restaurants, 12 bars, 5 places to shop, 3 places to dance, 5 places for live music, 2-tier theatre, 2 show lounges, a nightclub, 5 pools and 6 Jacuzzis (*Source: <http://www.virtualventura.co.uk>*)

techniques and with traditional cruise liners the recruitment process ensures that some of the best staff are hired. With the added incentive of tax-free incomes many hospitality professionals consider a few months on a cruise liner. The organization on cruise ships can be extremely hierarchical. Most front line employees tend to stay for only a few trips as the nature of the ship means that there is not much to do but work whilst on a cruise ship.

Technology • • •

Advanced EPOS technology and bar dispensing equipment mean better control of sales, stock control and wastage ensuring better profit margins as well as the facilitation of special discounts. Advancement in waste disposal technology ensures waste is better compacted shredded and incinerated.

Trains

According to Mintel Reports (December 2006), unlike Ferry and in flight catering, rail catering is showing an upward trend in revenues generated. Rail catering may be conveniently divided into two areas: terminal catering and in-transit catering. There are 2,500 rail stations across the UK. The main rival to rail is the low-cost airlines but the introduction of Eurostar in 2003 raised the rail market share in the UK. The improvements of the West Coast Mainline and the introduction of the Pendolinos train by Virgin Trains passenger numbers increased by a 20%. In the US sales reached \$79 million in 2005 (Figure 3.8 and Table 3.7).

Financial implications • • •

With a 4.2% increase in rail catering revenue the sector appears a positive one. The main products purchased are hot beverages and snacks so the focus is in the reduction of costs to ensure

Figure 3.8

UK percentage change in value of the UK onboard catering market, by sector (Source: Mintel Reports, May 2007)

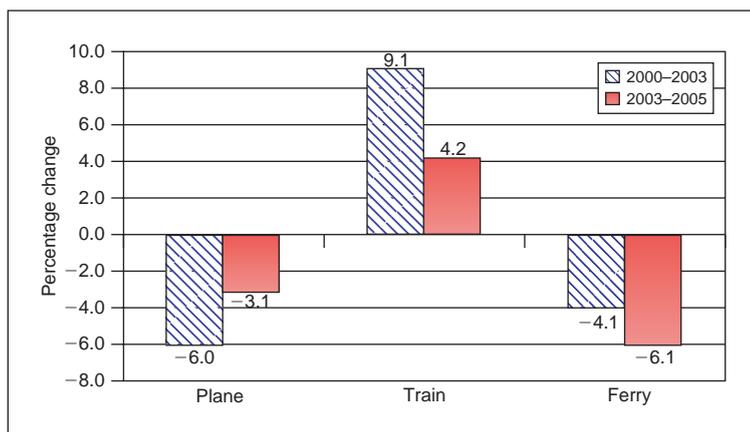


Table 3.7

US rail F&B gross profit, 2005

F&B sales	\$78,929,599
Food	\$30,237,417
On train food condemnation	\$222,920
Liquor and tobacco	\$3,395,625
Total cost of goods sold	\$33,855,963
Gross profit	\$45,073,636
% Gross profit	57%

Note: F&B – Food and beverage
Source: <http://www.narprail.org>

higher profit margins. Spend per passenger increases as the length of journey increases, however some companies offer all inclusive ticket prices which help raise the food and beverage revenue generated.

Marketing . . .

The provision of food and beverage in rails is often used as promotional tool. Ticket inclusive packages are often advertised in an effort to entice customers away from low-cost airlines. The sector is not as aggressive as it could be with its promotional efforts on food and beverage sales. The majority of train companies advertise their services in their in-house magazine whilst some have an e-marketing campaign and also use local and international media advertising.

Product and service styles . . .

Catering at railway terminals usually comprises licensed bars, self-service and waiter service restaurants, fast food and take-away units, supplemented by vending machines dispensing hot and cold foods and beverages. In-transit catering can feature

three kinds of service. The first is the traditional restaurant car service where breakfast, lunch and dinner are organized in sittings and passengers go to the restaurant car for service where appropriate seating accommodation is provided, and then return to their seats on the train after their meal. In a Pullman service, these meals are delivered direct to the seat of first-class passengers only. The second type of service is the buffet car, which is a self-service operation in which passengers go to the car and buy light refreshments over the counter. The third is a trolley service where snacks and drinks are delivered to customers at their seats. Innovative approaches to catering on trains are also in evidence such as the operation of 'Cuisine 2000' using cook-chilled foods prepared centrally, buffet cars turned into bistros on the London to Birmingham route, and on the east coast Anglo-Scottish route 'A taste of Scotland' restaurant service.

Staffing • • •

In the UK, the Network rail is undertaking a project that looks to rejuvenate the provision of skills in the rail catering and other rail staff. In partnership with local colleges the programme aims to bring all staff to a National Vocational Qualification standard. For example, in 2004 the country's first Rail Academy – run by York College in partnership with the National Railway Museum the academy was funded with £1.25 million. Other similar initiatives have been introduced all over the UK ensuring that rail employees are well trained.

Technology • • •

There have been a number of advancements in railway kitchen design and technology enabling operators to serve more complicated menus than ever before. Also the same benefits enjoyed by the other sectors with the advancement of EPOS and beverage dispensing technologies are also enjoyed by the rail sector.

Roads/motor side

Road catering has progressed from the inns and taverns of earlier days used by those travelling on foot and horseback to the present-day motorway service areas (MSAs) and other roadside catering outlets. High street fast-food operations are also now appearing both on MSAs and as free-standing drive-through. As an example, in the UK, there are 86 MSAs. Moto is the biggest MSA operator with 42 sites followed by Welcome Break and Roadchef. These three operators control 89% of the market whilst McDonalds are slowly emerging as a significant MSA operator.

Financial implications • • •

The numbers of cars on the road are on the increase. In UK from 1999 to 2004 there was an increase of almost 3 million cars (Figure 3.9). There is a constant decrease of households without cars whilst the percentage of females holding driving licences

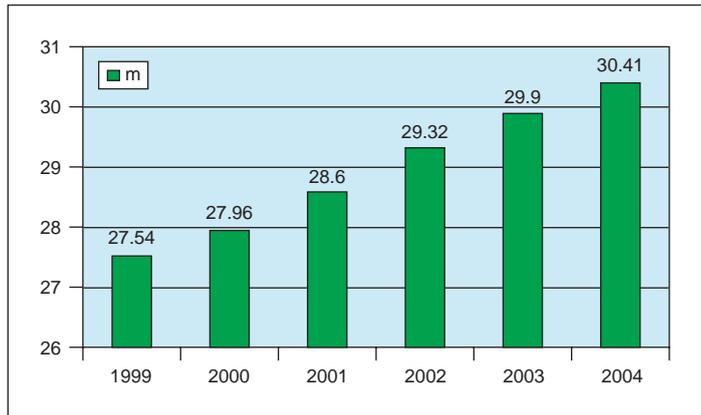


Figure 3.9
UK cars, 1999–2004 (Source: Mintel Reports, September 2004)

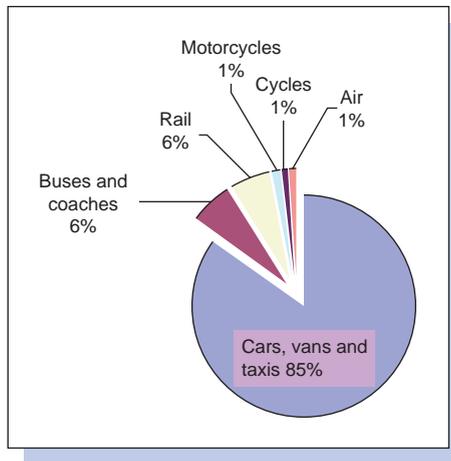


Figure 3.10
UK transport by mode 1999–2003 (Source: Mintel, 2004)

has risen from 49% in 1989/1991 to 61% in 2002/2003. This does have implications as demographics change so do trends in consumer expenditure. As seen in Figure 3.10 public transport in the UK only accounts for 12% of traffic, this would suggest a steady growth of motorway catering revenue well into 2010.

Marketing • • •

MSAs main marketing tool are the road signs. The main motive for consumers stopping at such a facility is that of convenience. Advertising is heavily regulated and often operators may not be allowed to use their own brand in motorway signage.

Product and service styles • • •

MSAs provide a valuable catering service to the travelling public and their food and beverage facilities usually include self-service and waiter service restaurants, vending machines, and take-away foods and beverages.

Staffing • • •

These service areas are often open twenty-four hours a day and have a particular problem of staffing as some employees have to be brought to and from work over a distance of 20–30 miles. Also, because of their isolated locations, the hours they are open and the sheer volume of numbers involved at peak periods, these service areas are also particularly prone to vandalism and littering.

Technology • • •

In the USA, public wireless Local Area Network (LAN) is widely available. In the UK, talks for public wireless LAN in MSA's first started in 2003 with the first hotspots installations around 2004. This added service may have an effect on the average food and beverage expenditure of customers in MSAs. The longer a business person spends online whilst at an MSA the more likely they will need to purchase food or drinks.

Vending machines

Vending today has become synonymous with selling from a machine. It is also known as 'automatic retailing' or selling from an 'electronic cafeteria' and involves a machine providing the customer with a product in exchange for some form of payment, coins, credit cards, etc. Although vending was in evidence in the UK prior to the Second World War, mainly in the form of chocolate and cigarette machines, it was not until the 1950s that the vending of drinks and snack items really became established in this country. The markets for vended products have grown steadily over the last forty years. In beverage vending, canned drinks, cartons and bottles have shown the greatest increase in growth whilst snack foods have increased the greatest (Table 3.8).

According to Mintel, the value of the vending market grew by 15% between 1999 and 2004 to reach £2.2 billion. However, the market has actually declined by 3% in real terms, although their forecasts show a steady growth both in revenue and numbers of vending machines showing a 5% steady increase. The number of machines increased by 13% over the same period, indicating that the growth in the market can be attributed mainly to the expansion in the number of machines, rather than a rise in the unit value of products.

Factors to consider when outsourcing vending operations to a contractor:

1. No capital outlay for machine – it is supplied by contractor.
2. Some installation costs paid by client, for example water and electricity.
3. Operating costs such as ingredients, commodities, cups, maintenance, cleaning and servicing done by contractor.
4. Selling prices set between client and contractor. Reimbursement costs, direct and indirect to contractor.

Drinks £m		Confectionery/snacks/meals			Total	
		Index	£m	Index	£m	Index
2004	815	100	640	100	1,455	100
2005	877	108	682	107	1,559	107
2006	917	113	726	113	1,643	113
2007	974	120	767	120	1,741	120
2008	1,007	124	798	125	1,805	124
2009	1,045	128	826	129	1,871	129
At 2004 prices						
Drinks £m		Confectionery/snacks/meals			Total	
		Index	£m	Index	£m	Index
2004	815	100	640	100	1,655	100
2005	854	105	664	104	1,727	104
2006	871	107	689	108	1,775	107
2007	898	110	707	111	1,826	110
2008	898	110	711	111	1,830	111
2009	908	111	718	112	1,849	112

Source: Adapted from Mintel Reports (December 2006)

Table 3.8

Forecast of expenditure on vended products, by sector

The range of vending machine equipment or hardware is divisible into two major groups:

1. *Beverage venders*: Beverage vending machines have accounted for the largest share of vending sales over the last thirty years and consequently their design has been developed further than the food vending machines. This group is discussed in greater depth later in this chapter.
2. *Food vending machines or merchandisers*: Food vending machines may vend a variety of food products – confectionery, snacks, plated meals, etc. and are usually vended in one of three types of machine:
 - (a) *Snack machines*: Confectionery, crisps, biscuits, etc. are usually vended from an ambient temperature machine as these items have a relatively long shelf life and do not have any special temperature requirements. Because of these factors, servicing of the machines except for re-stocking purposes, can be kept to a minimum thereby also reducing operating costs.
 - (b) *Refrigerated machines*: Snack items such as sandwiches and rolls have a limited shelf life and need to be date-stamped ('sell-by' or 'use by') and vended through a refrigerated machine. Plated foods such as salads, cold meats, etc. must be vended from refrigerated machines where the holding

temperature is between 2°C and 5°C. At this temperature the food may be kept for 2–4 days, although some operations work on a twenty-four hour cycle only.

- (c) *Hot meal machines*: Food for a hot vending service may be vended in a number of ways. The first is the heated food vendor which will hold the temperature of the plated food at about 69°C for up to six hours. The second is the hot can vendor which usually offers a choice of items. The selection of hot canned meals, for example soups, baked beans, pasta dishes, casseroles, etc. are held at a temperature of 68°C in the machine without deterioration in the quality of the food. Money is placed into the appropriate slot and the hot can is vended together with a disposable bowl and suitable cutlery to eat the food with; the can is easily opened by the use of a ring pull top. The third involves the use of a microwave oven adjacent to a refrigerated merchandiser. Cooked food is plated by kitchen staff, rapidly cooled and placed into a refrigerated merchandiser; if limited kitchen facilities are available, ready plated or semi-prepared foods may be bought in from a supplier, plated and put in the vending machine. The food is heated when placed in the microwave, which has an automatic timing device for the different foods which begins when a token or code is put into the microwave. The time taken for a meal to be heated thoroughly depends on whether it is a snack item or a full meal. Snack items being heated from a refrigerated state takes between ten and thirty seconds, and a main meal between forty and sixty seconds, depending on the quantity and depth of the food, and the power supply feeding the microwave. The range of products available for hot meal vending is now quite considerable although snacks and sandwiches still account for the largest percentage.

Within each of these groups the type of vending machine used will depend largely on the type of product being vended. For confectionery and pre-packed goods a simple mechanical unit with a drawer at the base of the column is all that is required; it can be free-standing, wall-mounted or be positioned on a fixed surface and does not require any electricity or water supply. Snack and sandwich vending machines require a power supply only and because their products are easily consumed, the machines can be situated outside wards, in the corridors of hotels, etc. close to the customer market. Machines vending plated meals need to be situated close to the kitchen facilities and adjacent to the dining area; some banks of vending machines are sited such that the kitchen is behind the machines for ease of stocking and the dining area is in front of them. These types of machines may be a rotating drum or revolving shelf design whereby a button is pushed rotating or revolving shelves until the required item is reached and then removed through a flap door.

The basic question of whether to use vending machines or not should be taken after careful consideration of the organization's catering and financial policies and an assessment of what vending has to offer. The main advantages associated with vending include the following:

1. *Flexibility*: Vending can provide a twenty-four hour food and beverage service, either alone or in conjunction with other catering services. Customers can use a vending machine when they want to, rather than only when a cafeteria is open.
2. *Situation*: Vending machines can be sited close to the customer market, for example in office corridors, thus reducing workers' time away from the workplace queuing for a snack or drink; customers are also more likely to take a vended drink back to their workplace and consume it there, rather than spend time away from their work, for example in a cafeteria. Satellite vending machines can also be used to serve areas that would not normally benefit from a catering facility; for example, in a large industrial complex, machines can be sited some distance from the main kitchen and dining area.
3. *Quality control*: In terms of quality, vending machines can sell a consistent product, particularly beverages, pre-packed snacks and bought in meals from a supplier. Meals prepared in the kitchen can also be plated under tighter quality and portion control.
4. *Hygiene control*: Reduced handling of vended foods also reduces the possibilities of food contamination. Many beverage machines now also have built-in, self-clean mechanisms.
5. *Operating control*: Labour savings can be made as once cleaned and stocked vending machines should require the minimum of maintenance, thus reducing labour costs. Wastage, pilferage and cash losses should also be negligible.
6. *Speed*: Vending machines can 'sell' products quickly and efficiently, for example a hot chips machine which can vend portions of freshly prepared chips, always giving a standard product, at a standard price.
7. *Sales promotion*: Products for sale in a vending machine can look attractive and stimulate 'impulse purchases', particularly glass-fronted merchandisers (GFMs) displaying fresh fruits, sweets, etc.

The disadvantages associated with using vending include the following:

1. *Impersonality*: Vending machines lack the 'personal touch' and some customers will always prefer to be served food and beverages in the traditional manner rather than from a machine.
2. *Inflexibility of the product*: Initially the range of products available for vending was quite limited; today, however, vending machines offer a much wider selection, and beverages in particular can be highly customized.

3. *Reliability*: One of the major causes of dissatisfaction with vending machines in the past has been that the coin mechanism could become jammed and the machine would give no service. This in turn left the machines open to abuse and vandalism. Since their introduction the vending machines' coin mechanism has been a mechanical device which could be regularly jammed with foreign coins, washers, etc. Today, however, the electronic coin mechanism can detect even the most accurately produced fake coins, which even when fed into the machine, do not jam it. Electronic mechanisms are constantly being improved and are incorporated into the majority of new machines. These electronic mechanisms are also capable of accepting different valued coins, displaying a running total as they are added and of giving change.
4. *Limiting*: For large-scale food and beverage service, vending machines have limitations. In some situations they are best suited as a backup to the main catering services although a bank of vending alleviates queuing and waiting time. They are also of less use in up-market situations, except in the form of mini-bars, for example in hotels.

Financial implications • • •

The vending market is a retail-based operation and profits rely on high volume turnover, however the sector is highly competitive and pricing wars by different vendors may eat into profits.

According to Mintel Reports (2005) in the UK the vending market grew by 15% between 1999 and 2004, the market has actually declined by 3% in real terms, as the slump in the cigarette segment and inflationary pressures slowed year-on-year growth. The number of machines increased by 13% over the same period, indicating that the growth in the market can be attributed mainly to the expansion in the number of machines, rather than a rise in the unit value of products (Table 3.9). However, in the USA it is expected that sales of the vending industry will fall from \$14 billion to \$12.5 billion by 2010.

Machines (in thousand units)*	Index	
2004	770	100
2005	785	102
2006	805	104
2007	820	106
2008	842	109
2009	866	112

Source: Mintel Reports (March 2005)
*Number of machines in circulation

Table 3.9
Forecast of the number
of vending machines,
2004–2009

Marketing • • •

The markets available for vended products are varied and numerous and may be grouped into three main areas:

1. The *general market* vending machines and their products may be situated in areas to which the general public largely has access; for example, shopping courts, MSAs, garage forecourts, airports, seaports, ferries, rail and bus terminals, libraries, swimming and leisure centres, stadiums, exhibition centres, cinemas and theatres.
2. The *industrial market* includes those establishments where vending machines are provided for employers and employees in office blocks and shops, factories and sites, etc. Eighty per cent of companies in the UK having installed vending machines at some or all of their premises.
3. The *institutional market* includes establishments such as hospitals and schools, prisons, sports complexes, universities and colleges and more recently hotels, replacing to some extent floor service.

Product and service styles • • •

Vending operates in a very competitive market and a number of developments and market trends may be identified in the vending sector:

1. *Cashless systems*: The development of card operated vending has probably been the most important technological development in vending. The leading supplier of this type of system is Girovend, the main component being a credit card type of pass or card which can record the user's own data; it can be used for personnel control such as security, identity passes, attendance recording, leisure facilities, etc. For catering purposes, customers can buy any food and beverage items from a vending machine by placing their card into the machine instead of cash; their card is then debited with the amount for the items purchased.
 - (a) The card first has to be loaded with credit and this can be done in a number of ways. First, supervised loading whereby a supervisor collects customers' cash amounts and loads the cards via a vending machine; the disadvantage to this method is that the handling of cash is still involved and at least one person has to be employed to do this job. Second, customers self-load their own cards with a cash value before making their purchases. By inserting the card into the loader a customer can check its balance and increase the amount by feeding the appropriate money into the machine; this method's disadvantage is that special loaders are required and cash is still handled. Third, is the direct-debit loader linked to the wages department so that a card holder may direct debit different values from his/her salary; in this way cash handling is eliminated completely.

- (b) The advantages to the customer of card vending are that it is a convenient method of payment; loose change does not have to be carried, it is not 'lost' in the machine and, overall, a faster service can be given.
 - (c) The card holders can be divided into user type groups and these categories may then be separated into different price bands. Vending machines payments can be broken into cashless, free-vend and coin operated systems. This enables different charges to be made for the same product, for example for regular employees, temporary staff, free vend for visitors, etc. Cash refunds can be given to users giving up their cards, or money can be paid back into an employee account; machines can also be programmed to stop accepting stolen cards. Finally, the sales information stored in these machines can be printed out by item, price list or type of user, and a comparison between actual and cash loaded on to the cards can be given; such up-to-date information greatly aids financial control and cost accounting.
2. *Mixed product vending*: Where the design of the machine allows, different products may be vended together and complement each other, for example, pre-packed snacks with carton juices together form a substitute for a main meal at certain times of the day. Smaller units, for example vending confectionery, can also be attached to the side of the larger machines and utilize their coin or card mechanism.
 3. *Fresh brew vending*: Machines using fresh brew systems for tea and coffee ensure that a better quality end product is dispensed to the customer. In-cup drink machines where the ingredients are already in the cup also offer better hygiene, operation and servicing, control and range of products. Some beverage machines are now capable of offering 100 different selections for both hot and cold drinks and have capacities of up to 1,000 cups.
 4. *Space economization*: The efficient utilization of business space in offices, factories, hospitals, industrial units, etc. is of great importance today. This has led many operations to critically review their catering facilities and the space allocated to them, particularly where a twenty-four hour service is needed. In many situations vending is being used as a space and cost saving alternative to installing traditional catering services. Furthermore, the vending manufacturers themselves are aware of the amount of space vending machines need, and are researching ways of reducing their overall size yet at the same time trying to increase the range and quality of products they can offer.
 5. *Compatibility with cook-chill*: The cook-chill method of food preparation serves the vending industry well by allowing plated meals to be prepared in advance and vended for later consumption either in a chilled state, for example salads, cold meats, pâtés, etc. or for use in conjunction with some type of heating system, for example microwaves.

Vending has now established itself as a method of food service that may be considered for many types of operations and situations. In some sectors of the catering industry it is employed as a total feeding system, for example staff cafeterias and restrooms, hospital canteens, etc. in others it is an economic alternative to other types of catering service at different times of the day, for example, night shifts in hospitals, twenty-four hour factories, offices, etc.

Staffing • • •

The reduced labour costs is one of the biggest advantages of the vending machines along with the availability of the product. Operators can stock a large number of machines with a very small number of staff and with very little training. However, often, there are hidden costs such as maintenance costs.

Technology • • •

Without advancements in technology vending machines would not exist and similarly if technology did not evolve the consumer would prefer alternative means of purchasing the goods. Today technological advancements in stock control and maintenance have enabled vending machines to become more reliable. Telemetry and on-site hand-held systems have helped to reduce the number of out-of-stock situations, or quickly identify malfunctioning machines. With advancements in Internet technology vending machines can be easily monitored for conditions and levels of stock. Vending machine technology has improved the storage conditions for perishable goods, and has enabled hot food vending.

PUBLIC SECTOR

The public sector has seen growth in prison catering, college and university, and public catering as well as the services. However, catering in schools, healthcare and local authority has been in decline (Table 3.10).

Schools

The school meals catering service was formerly structured on a dietary basis with a daily or weekly per capita allowance to ensure that the children obtained adequate nutritional levels from their meals. Most of the schools used to operate their dining rooms on a family type service or a self-service basis with the traditional 'meat and two veg' lunch being very much the norm. There has been a shift away from this conventional arrangement to the provision of a snack type lunch as an alternative to or replacement for the main meal. Many schools now provide 'snack meals' such as baked potatoes, pizzas, sandwiches, rolls,

	2001		2003		2005		% change 2001–2005
	Number of outlets	%	Number of outlets	%	Number of outlets	%	
Business and industry	9,002	49.2	8,939	48.6	8,973	51	–0.3
• Business and industry	8,344	45.6	8,473	46.1	8,214	46.6	–1.6
• Government and agency ^a	475	2.6	–	–	–	–	–
• Department store staff	59	0.3	347	1.9	597	3.4	911.9
• Prisons	124	0.7	119	0.6	162	0.9	30.6
State education	4,847	26.5	5,027	27.3	4,506	25.6	–7
• School	4,386	24	4,529	24.6	3,960	22.5	–9.7
• College and university	461	2.5	498	2.7	546	3.1	18.4
Independent schools	813	4.4	919	5	754	4.3	–7.3
Catering for the public ^b	1,420	7.8	1,385	7.5	1,553	8.8	9.4
Healthcare	960	5.2	882	4.8	839	4.8	–12.6
• NHS and trust hospitals	455	2.5	465	2.5	369	2.1	–18.9
• Private hospitals	67	0.4	22	0.1	50	0.3	–25.4
• Private nursing homes	438	2.4	395	2.1	420	2.4	–4.1
Ministry of Defence	401	2.2	522	2.8	490	2.8	22.2
Local authority	543	3	477	2.6	291	1.7	–46.4
• Courts	97	0.5	96	0.5	75	0.4	–22.7
• Police and fire	312	1.7	266	1.4	157	0.9	–49.7
• Town hall	116	0.6	90	0.5	40	0.2	–65.5
• Welfare	18	0.1	25	0.1	19	0.1	5.6
Oil rigs, training centres and construction sites	238	1.3	235	1.3	202	1.1	–15.1
Miscellaneous	65	0.4	–	–	–	–	–
Total	18,289	100	18,386	100	17,608	100	–3.7

Source: BHA/Mintel Reports (December 2006)

^aChange in reporting categories

^bExcluding all events

Table 3.10

UK contract catering market segments, by number of outlets

pies, soups, yoghurts, etc. and the children may choose from this selection in a normal cafeteria fashion.

Some areas have drastically cut their school meal service and are simply providing dining-room space for the children to bring in their own lunches from home. Whether this trend will

continue in the future is debatable. It does seem likely, however, that now introduced, the snack type meal will remain as an alternative to the traditional school meal. Many local education authorities contract out this service to specialist contract caterers. Celebrity Chef Jamie Oliver started his campaign for school dinners in 2005 and his TV programme was quite influential in government circles that promised increases in the school budget to ensure a better quality of food in schools.

Catering in schools is about much more than simply providing meals for students. We are responsible for ensuring that youngsters are educated about food and are provided with the information that they need to help them make good healthy eating choices. It's vital that students are made aware of the importance of maintaining a healthy and balanced diet early on, so that it becomes ingrained behaviour that they follow for the rest of their lives. We aim to show students that good food and healthy eating is fun and interesting through events such as live cookery demonstrations in schools and cookery classes for parents and students which enable them to learn some basic hands-on cookery skills. From September 2007, the new school meals standards introduced by the Government last term will come into force for food served in schools other than lunch, so it's important that we can give them a wide range of healthy and appealing choices throughout the day and not just on our lunchtime menus.

Gill Ward, Scolarest Catering Manager at City of Norwich School, Norfolk.

Universities and colleges

All institutions of further and higher education provide some form of catering facilities for the academic, administrative, technical and secretarial staff as well as for full- and part-time students and visitors. The catering service in this sector of the industry suffers from an under-utilization of its facilities during the three vacation periods and in many instances at the weekends.

Universities are autonomous bodies and are responsible for their own catering services. They are, however, publicly accountable for their expenditure to the Higher Education Funding Council for England (HEFCE) which allocates them funds on behalf of the exchequer. The HEFCE's policy on catering allows for a subsidy on capital costs, that is, buildings and equipment, 'landlord's' expenses and rent and rates where applicable. Apart from a few special exemptions to named universities, they are expected to break-even. University catering units have traditionally been of two basic kinds: residential facilities attached to halls that may serve breakfast and evening meals within an inclusive price per term, and central facilities that are open to all students and staff and usually serve lunches and snacks throughout the day with beverages. These catering facilities have to compete openly with the students' union services and independently staffed senior common rooms (Figure 3.11).



Figure 3.11
University catering. Photo
courtesy of Scolarest

Residential students pay in advance for their board and lodgings. This method has been abandoned by many universities in recent years who have provided reasonable kitchen facilities in the residences to enable students to prepare and cook their own meals if they wish to. Others have introduced a pay-as-you-eat system for residential students. Unfortunately, this has led to reduced catering revenue from students.

Non-residential students are provided with an on-site catering provision that has to compete against all other forms of locally provided catering, with ease of accessibility and some level of subsidy being the main attractions. Increasingly, caterers are turning to ideas from the high street operations to attract and keep their predominantly young adult clientele.

To offset the losses incurred and to achieve a position of break-even in catering, universities have seen the advantages of making their residential and catering facilities available at commercial rates to outside bodies for meetings, conferences and for holidays during the vacation periods.

Activity 3

Identify all catering outlets and functions in your university/college.

Does an in-house team deliver catering or is it outsourced to a contract caterer?

Analyse the strengths and weaknesses of catering provision in your university.

Hospitals

Hospital catering facilities have improved considerably over the past ten to twenty years with the result that new hospitals in particular are benefiting from well planned and managed catering

services. Hospital catering is a specialized form of catering as the patient is normally unable to move elsewhere and choose alternative facilities and therefore special attention must be given to the food and beverages so that encouragement is given to eat the meal provided.

The hospital catering service is normally structured on a per capita allowance for patients but with staff paying for all of their meals. A decentralized approach was used in many hospitals where the patients' food and beverages were portioned at the point of delivery in the wards. This often resulted however, in patients receiving cold, unappetizing meals because of the time between the food being prepared and the patients actually receiving it. This method of food service is commonly replaced by a centralized approach that involves the preparation of the patients' trays in or close to the main production area. From here they are transported by trucks or mechanical conveyors to the various floors, and from there directly to the patients so that there should be little delay between the food being plated and served to the patient.

Another trend has seen hospital catering open for tender by contract caterers where in many instances a centralized production system for several nearby hospitals may have to be operated to be viable.

In May 2001, the Better Hospital Food initiative was launched. The programme's aims were to:

- produce a comprehensive range of tasty, nutritious and interesting recipes that every NHS hospital could use;
- re-design hospital printed menus to make them more accessible and easier to understand;
- introduce twenty-four hour catering services to ensure food is available night and day;
- ensure hot food is available in hospitals at both mid-day and early evening mealtimes.

Perhaps evidence that caterers are committed on improving the catering of the healthcare sector can be seen at the Hospital Caterers Association, at a recent (26 April 2007) conference programme. The catering experience and food nutrition are prominent subjects as well as cultural and environmental issues in hospital catering (hospitalcaterers.org).

The services

The services include the armed forces: the Royal Navy, Army and Royal Air Force; the police and fire service; and some government departments. The armed forces often have their own specialist catering branches, for example the army catering is provided by the Royal Logistics Corp. Civil service organizations such as the Metropolitan Police force also have their own catering departments. The levels of food and beverage facilities within the services vary from the large self-service cafeterias for

Kevan Wallace MIOH, Assistant Hotel Services Manager Catering, Frimley Park Hospital NHS Foundation Trust gives his insights in catering in hospitals.

The pace of change in hospital catering has been fast. Over the past six years, we have seen the introduction of several initiatives, the best known being Better Hospital Food. This has been largely successful and has achieved much. The spotlight has been firmly on catering in the NHS, whether by contractor or by in-house teams. More attention has been paid to the quality of the food provided to patients. Not only that, but the patient environment is now also a major focus, making meals and mealtimes much more a part of the healing process. Protected mealtimes, in-ward and housekeeper facilities can really make a difference to patients on the road to recovery.

It is always a challenge to meet targets set by individual trusts and government, but caterers in the NHS take great pride in what they achieve. The team at Frimley Park Hospital NHS Foundation Trust has recently been awarded Hospitality Assured at their first attempt, and they are only the second in the south-east to have achieved this.

the majority of personnel, to high-class traditional restaurants for more senior members of staff. A considerable number of functions are also held by the services leading to both small- and large-scale banqueting arrangements.

Prisons

There are over 9 million people detained in penal institutions around the world and over 2 million of them are held in US institutions whilst over 1.5 million in China. The population of detainees in all penal institutions in England and Wales is more than 75,000 and continues to grow. Working on a very limited budget, the diet for the inmates is based upon fixed weekly quantities of specific named food commodities with a small weekly cash allowance per head for fresh meat and a further separate weekly cash allowance per head for the local purchase



Figure 3.12

Prison catering. Photo courtesy of Northern Ireland Prison Service (*Source:* <http://www.niprisonservice.gov.uk>)

of dietary extras of which a proportion must be spent on fresh fruit. The catering within the prisons is the responsibility of the prison governor with delegated responsibility being given to a catering officer, with much of the actual cooking and service being done by the inmates themselves (Figure 3.12).

Summary

In this chapter we explored:

- Contract catering
- Catering in travel
- Catering in the public sector
- Trends in each sector
- An overview of the range of types of catering
- Major differences and similarities between the various operations
- Management challenges in contract catering.

Review questions

1. What are the key differences between travel catering and public sector?
2. What are the production and service styles commonly used in event catering?
3. What are the key subsectors of travel catering?
4. List the key differences between sport venue catering and leisure venue catering.
5. List the key differences between catering in the public sector and industrial catering.

Further study options

Case study: The big day

Juliana and Victor decided on their big day and wanted to have a wedding reception that everyone would remember. They had decided on a Pirates of the Caribbean theme for the reception and wanted their menu to reflect the theme. Money was no object and lobster and caviar would feature as well as oysters and champagne to get the party started. When they approached Franco the Hotel Banqueting Manager he assured them that in their resort they would find everything they needed and his staff would make sure that the day was a success. The couple had identified a small island about

10 miles away from the resort and wanted to hold the main reception there.

Although Franco and his team had never catered outside the resort, Franco decided that he could not let this function slip his hands. With 200 guests and an average expenditure of £40 per cover he decided he would caterer for this function at all costs.

Getting the food and beverage to the island proved to be a difficult task but with the help of his staff Franco and his team were ready for the event, although Franco was slightly worried that he did not have the right equipment to keep all the food at the correct temperatures. Nevertheless the reception proved to be a success and the couple were overjoyed.

However, two days after the event 46 of the guests were ill with food poisoning. The results from the local hospital will be out tomorrow but everyone suspects it was the oysters and the hotel is getting a lot of bad publicity.

Q1: If you were Franco what would you have done prior to the event to ensure no risks were taken?

Q2: Now that the resort is getting bad publicity, what would you advise Franco to do?

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