

While fine dining and VIP services are catching up fast with their American counterparts, public catering in European facilities still lags behind. Drawing on experiences at the Amsterdam ArenA, the authors offer some practical advice for getting the best from your food and beverage operations

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Catering in stadia can be broadly categorised into two types: 'VIP' or fine dining catering and 'public' catering. Whereas the first category, consisting of high-end restaurant and banqueting facilities, serves the happy-few in the sky-boxes, lounges and business seats, the 'business-to-business or B2B market', the latter category aims to serve the general public. Depending on the design of the venue, approximately half of all matchday income will come from the B2B segment (rent of business seats, skyboxes, catering and banqueting together), whereas this segment consists of only 5-10 per cent of the total stadium seating capacity. This explains why the B2B infrastructure is well developed.

On the other hand, public catering in European stadia has, in general, been neglected and underdeveloped. However, recent projects have indicated that, as in North American facilities, public catering can be improved to provide a greater contribution to the total matchday revenue stream. This article sets out some guidelines for setting up and optimising public catering in order to maximise the returns on investment.

### Consumer needs & requirements

The 'expectation' levels of the average visitor are increasing, thus creating an opportunity for modern stadium management. By fulfilling these expectation levels in terms public catering, a substantial con-



tribution in the exploitation results of the stadium can be gained.

The higher expectation levels and needs of stadium visitors first became apparent in the USA, where innovations in public catering were made decades ago. Most American stadia run a wide variety of public catering outlets with a broad range of F&B products. Culture, the nature of the events taking place in these stadia, as well as local spending patterns, are a few of the reasons why public catering is so lucrative in North America. Such lessons are now being applied at European facilities.

### Back to basics

In general, the basic needs and requirements of the customer are quite similar throughout Europe, except for the actual F&B product range, which is locally determined. These basic requirements are:

- Short waiting and serving times;
- Product assortment with locally identifiable products, in line with the nature and timing of the event;
- Clear presentation of the products;
- Perceived price/quality ratio of the products served.

Meeting these visitors needs and requirements is essential if an operator is to maximise the potential catering returns.

### Getting the right service level

The above checklist can be translated into the following 'service level aspects' for the public catering within a stadia:

- *Sufficient catering outlets*

The presence of sufficient public catering outlets per visitor (calculated in terms of number of visitors per running meter of serving counter) is the major factor that determines waiting times. Long waiting times for F&B outlets will undoubtedly have a negative impact on visitor expenditure. In America, ratios of one meter of counter space per 500 visitors has proven a useful 'rule of thumb', whereas in

Europe good results have been gained with approximately one meter per 1,000 visitors, with the Amsterdam ArenA as an example of such a design.

- *Staffing of outlets*

This is a major factor that determines the serving time of a visitor and it has to be in line with the length of counter space. Furthermore, the product assortment served and equipment used will dictate the level of staffing required. Depending on these factors the number of staff required per running meter of counter space varies between two and four.

- *Payment method*

Payment method is another important factor that determines the serving time per customer. Most stadia still use cash but the use of in-house payment systems, in the form of electronic debit cards, can half transaction times and, therefore, also substantially reduce the serving time per customer. Other advantages of these payment systems include reducing the amount of cash (risk) in circulation, the 'psychological effect' that shows people spend more when using debit cards instead of cash, faster reconciliation of payments and operational statistics, and greater protection from fraudulent transactions.

However, when implementing electronic payment systems it should be taken into account that buying the debit card also requires a transaction time, sometimes nullifying the reduced transaction time at the F&B counter. This effect will be less in the case of 'regular' visitors who already have their card and who are familiar with the system. Smart solutions in the form of a combination with club or entrance cards might be an alternative too.

The Amsterdam ArenA uses – with success – an electronic payment system based on debit cards, which has contributed to a higher average spend in the stadium. Innovations in the form of smart cards are also under development.

# Feeding the masses

## The essential guide to public catering

### • *Product assortment*

The customer requires identifiable products in a stadium and those served should be in line with local/regional consumer habits and be displayed in a clear and orderly manner. Product assortments should be kept small and the products themselves should be suitable for fast catering.

### • *Price/quality ratio of products*

The perceived price-quality ratio of products should be in line with the visitors' overall perception of the quality, hospitality and comfort of the venue. Higher prices are justifiable when the overall quality perception of the venue and its outlets is high, but major price differences for the same product between similar locations elsewhere in the region are never justifiable. Professional caterers will be able to seduce visitors into increased expenditure through the use of clever marketing techniques such as promotional activities.

### • *Event type, duration and programming*

Different types of events have different spending levels. In general, the more breaks an event has (for example, American football, concerts), the higher the average spending level per visitor. Soccer has only one break of 15 minutes and traditionally has low spending levels. An overview of the relation between event type and average spending is given below, based on experience gained at Amsterdam ArenA:

Event	Details	Av. spend
Soccer	Working day	+
Soccer	Weekends	++
American Football		+++
Pop concert	No break	+++
Pop concert	Multiple breaks	++++

Spending levels: min. = +, max. = ++++

Increased opening times might be a solution to increase spending before and/or

after the event but also incur higher running costs. As indicated earlier, the sporting culture is an important factor. In Europe the public generally arrives shortly before the start of the match and leaves soon after the end therefore programming solutions to keep the public inside the stadium longer may be an option. The installation of TV monitors near the F&B outlets, which show the match live and then present summaries and interviews at the end, could be a stimulus for higher spending levels. Offering a limited selection of F&Bs on stands during the match also appears to enhance total spending levels.

**“Professional caterers will be able to seduce visitors into increased expenditure through the use of clever marketing techniques”**

### • *Logistics*

Limitation of partitions between the various seating segments in the public concourse areas can also improve spending – ideally, visitors should be able to move freely around on the concourse. Furthermore, the length of the seating rows plays a role – the lesser the number of seats in one row (per exit), the easier it is for visitors to leave their seats and spend money.

### Challenges to improvement

We have listed some factors that can be used to increase the average spend in a



stadium. However, stadium operators also encounter numerous restrictions with respect to public catering. These include:

### • *Opening policy and seating procedures*

The stadium has to be opened in advance to ensure that visitors have sufficient time to enter, use public and catering facilities and to be seated. In the case of allocated seats, people tend to arrive later and therefore spend less but with non-allocated seats people normally arrive earlier thus creating the opportunity for extra F&B spending.

### • *Segmenting of the stadium*

If the stadium is segmented, then F&B outlets should be standardised in terms of

assortment. The distribution of the outlets over the public concourse requires careful attention because visitors cannot move freely. Similarly, catering facilities in the stadium should be capable of producing other F&B products. In this way the F&B outlets can also be used during non-event days to supply other events/venues.

### • *Local authority regulations*

These restrictions and regulations mostly concern fire safety within the outlet, location of the outlet (transit or reside area) and mobile outlets.

### • *Peripheral control*

If possible, the F&B outlets on the venue's periphery (for example, between public transport stations and the stadium) should be under the control of the stadium in order to increase spending.

### • *Sponsorship restrictions*

Founder sponsorships at the stadium or exclusive sponsoring contracts with certain suppliers of F&B products (beer, soft drinks, candy bars, crisps, etc.) may imply

restrictions on the public catering operations. On the other hand, co-operation with major brands can reduce investment or operational costs and therefore contribute to the profitability of the public catering.

### How to optimise the catering

The above conditions and restrictions form the basic inputs to an integrated catering concept that has to be prepared prior to the

the local situation and circumstances, taking several considerations into account.

If the stadium management decides to organise the public catering under concession, either temporarily or permanently, clear selection criteria for the contractor should be formalised. These include:

- Experience in event catering;
- Level of 'match' between the caterer and the stadium's catering concept;

## "When properly set up and organised, the average spend in public catering can be increased by a factor of two or three"

design and implementation of public catering. Successful catering is always based on a well thought-out and carefully implemented catering concept. Such a concept should clearly define the following:

- The ambition level (quality, image, events);
- Market position and strategy (product, pricing, place, promotion, personnel), with special attention for the product assortment and price-quality level;
- Analysis of the logistics flows;
- Detailed requirements for the public catering (number of outlets, distribution of the outlets, equipment, counters, payment systems, etc.);
- Multi-use possibilities (integration with day-to-day use such as 'food courts');
- Investments required;
- Projected revenues.

A market survey of the detailed expectations and requirement of visitors should form a sound basis for establishing the right concept and product mix. Over the long term, the stadium management should always seek to further optimise the catering organisation as new developments are come onstream.

### How to select a caterer

When organising public catering one can, in principle, distinguish two key solutions:

- Direct control by the stadium owners;
- Indirect control under 'concession'.

Experience has shown that there is no 'single solution' for organising public catering either under direct control or under concession. The choice depends on

- Added value in assortment, presentation, pricing etc.
- Personnel and financial capacity, not only to implement the catering concept but also to maintain it;
- Local/regional experience;
- Flexibility in terms of menus product range in relation to the various event types;
- Willingness to co-market activities.

It goes without saying that the stadium management should clearly formalise its conditions for outsourcing the catering under concession prior to selection.

In the case of outsourcing, the contractual arrangements will be recorded in a service-level agreement containing at least the following aspects, which can be measured objectively:

- Outlets and staffing per outlet;
- Presentation and hygiene;
- Minimum opening times;
- Independent assessment;
- Sales statistics per event;
- Guaranteed minimum revenue and profit share agreements;
- Rent including service costs.

In order to check the quality of catering services at each event, the service level agreement should be formulated in such a way that it can be translated into a simple measuring system.

Similarly, if the venue management opts to self-operate, then these measures should also be applied in the form of an 'internal' service level agreement.

### Contractual issues

The contract period should be sufficiently

long for the caterer to recover its investments in equipment but not much longer, as circumstances change rapidly. A typical contract length may be between three and five years. Other contractual points include:

- Clearly define the facilities and areas that are subject of the contract;
- Always retain the right to use the facilities yourself, in order to sell the stadium 'free of rights';
- Create an effective incentive for the caterer to create higher revenues than projected in the business plan and, similarly, set up a penalty system;
- Keep the contract simple. A flat rent, a turnover percentage or a combination of the two works the best;
- Keep the right to approve or reject any adjustment in the assortment and the price level of the products in order to maintain the catering concept.

### Conclusions

Public catering is an underdeveloped aspect in most European stadia. However, when properly set up and organised, the average spend in public catering can be increased by a factor of two or three.

The first step in setting up the public catering is the preparation of an integral catering concept, in line with the overall stadium concept. When implementing the public catering, the stadium management should take into account its main service level aspects, which are based on the basic needs and requirements of the visitors.

Whether organised under the control of the stadium or outsourced under concession to professional caterers, the performance of public catering should be managed by means of a service level agreement that is driven by the right performance indicators. ■

*Amsterdam ArenA Advisory is a consultancy agency specialising in the development and implementation of integrated stadium concepts, including hospitality, marketing, catering and concession issues.*

