

TRT3701
Hospitality Management

Learning unit 6: Food and Beverage Management



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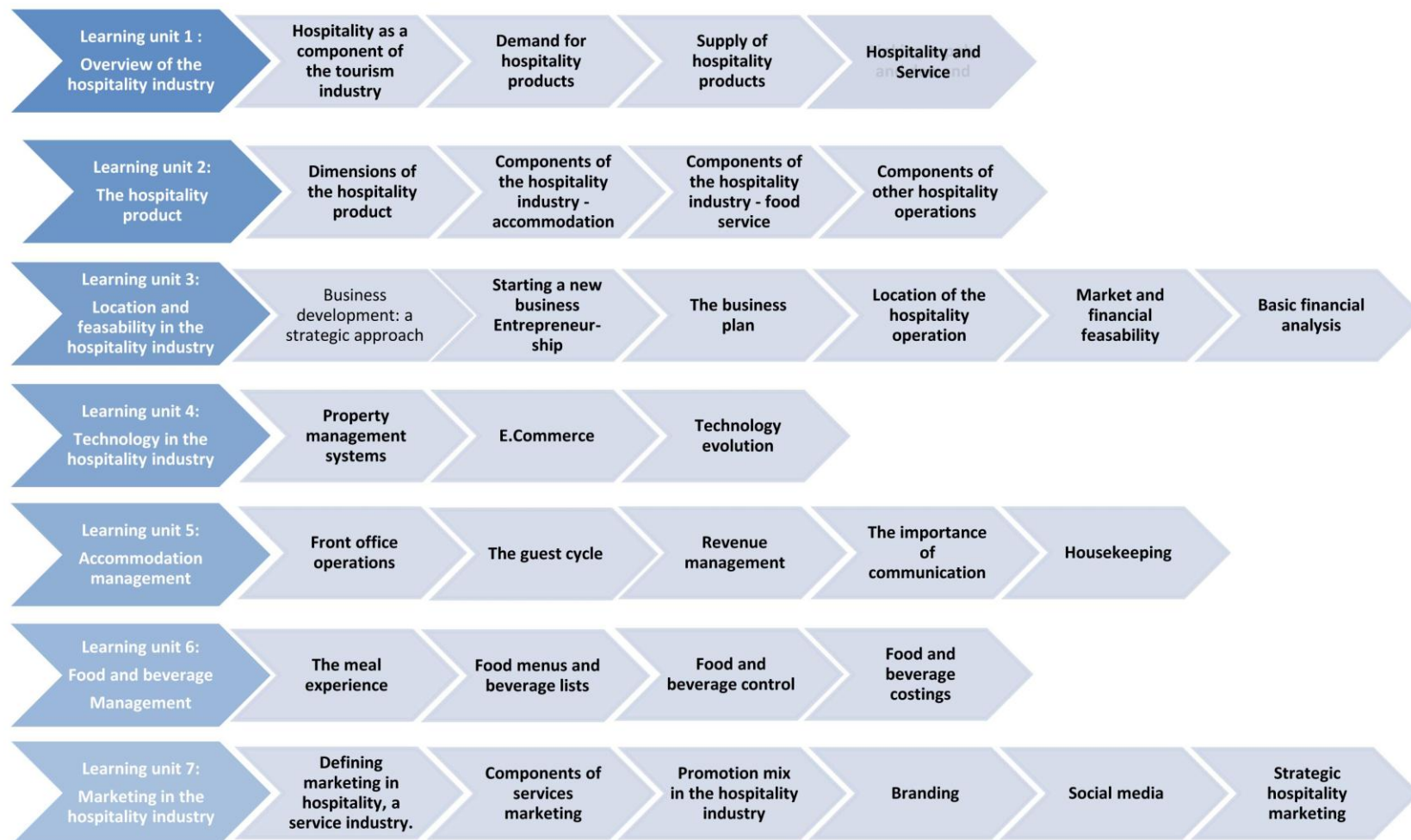
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The Hospitality Management Model: A Schematic overview of the module content



LEARNING OUTCOMES

Once you have completed this study unit, you should be able to

- list the different types of establishments in food services
- discuss the elements of the meal experience
- review the different aspects of menus and beverage lists in food services
- discuss food and beverage controls in food services
- explain the process of food and beverage costing in food services

6.1 INTRODUCTION

Food and beverage management is a key component of the hospitality industry and deals with the provision of food and beverage items to a specific sector of the market. In learning unit 2, the different types of food service operators were discussed. Can you remember the different types of food outlets? To refresh your memory, look at figure 6.1 below which shows the different food services operators within the food services segment.

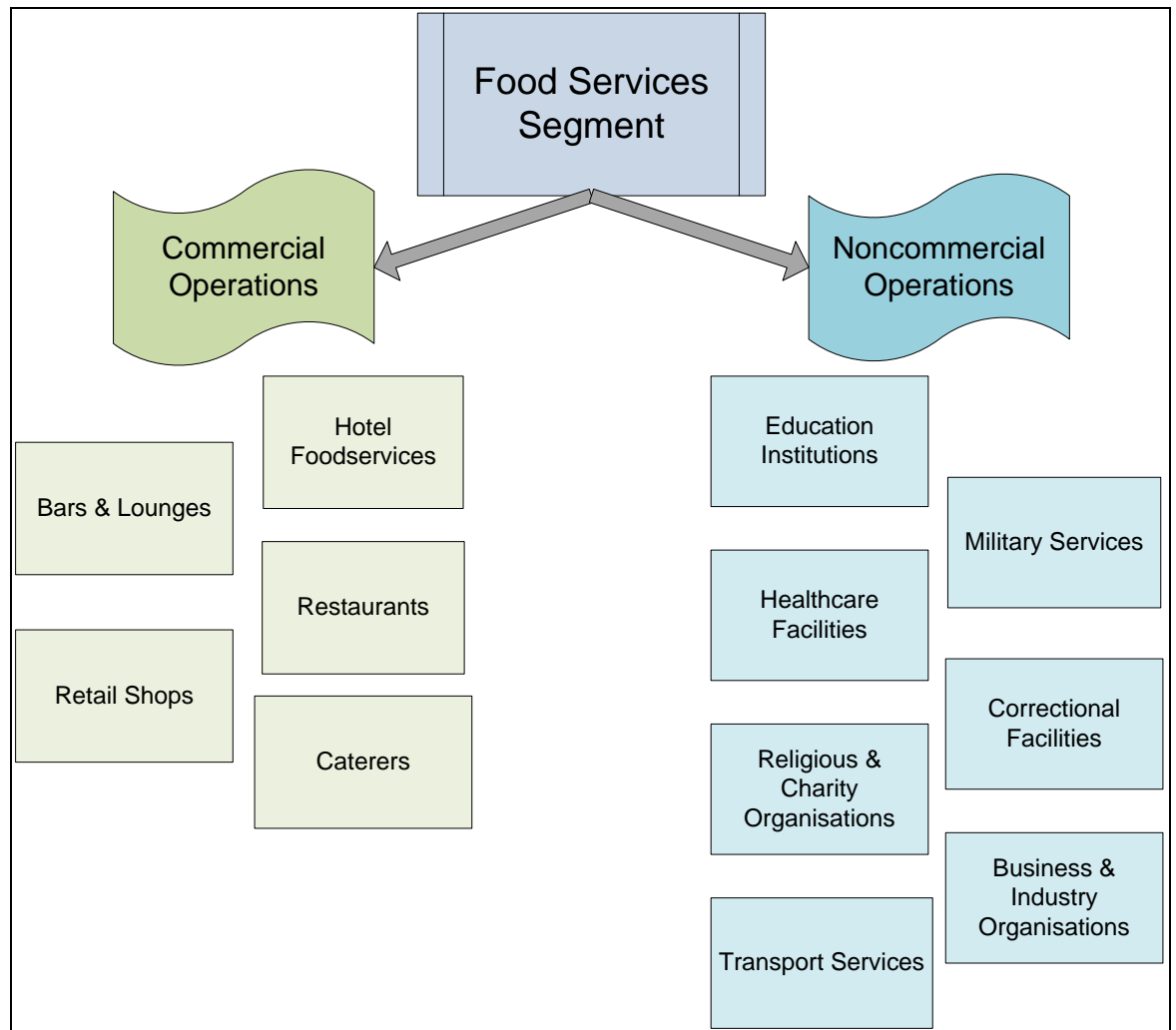


Figure 6.1: Food services in the hospitality industry

Source: adapted from Ninemeier and Perdue (2008:7)

If there are any food service operators listed in figure 6.1 that you cannot remember well, refer back to learning unit 2 and read through the details on that food operator again. You will remember that learning unit 2 also mentioned the difference between commercial and non-commercial food operators. Let's quickly look at the explanation again.

Commercial food service operators' core business is the selling of food and beverages and their primary goal is to make a profit from the sale of these items. **Non-commercial food service operators** provide food and beverage services to their customers/guests as an ancillary service to the core business, e.g. catering in a hospital, airline, etc. Technically all businesses operate to make a profit, but the main

distinction here is that for the first one, food and beverage provisioning is their business and for the second one, it is an additional service.

Commercial food service operators are usually characterised by the following elements (David & Stone 1991):

- *A high percentage of fixed costs.* These costs include rent or payment on mortgages, salaries and depreciation of equipment. These costs are generally fixed, regardless of whether the volume of sales changes in any way.
- *Profitability.* Profitability is driven by increases in revenue (high prices), rather than decreases in cost. This implies an increase in the average spending per customer or an increase in customer volumes, rather than a decrease in expenses.
- *An unstable market demand for products.* This suggests that suppliers of certain products can be wiped out overnight; unpredictable menu choices is an example of this (no restaurant owner can predict that only steak will be ordered on any one evening).
- *Pricing structures and policies which are flexible.* A number of variable factors must be considered when determining pricing.

On the other hand, **non-commercial food service operators** usually display the following characteristics:

- *A lower percentage of fixed costs, but a higher percentage of variable costs (operational costs).* This means a very noticeable increase in costs in relation to an increase in volume.
- *A greater reliance on decreases in costs rather than increases in sales to maintain the budget levels.* These outlets usually look at increasing performance levels, and decreasing purchases or purchasing cheaper products, changing portion sizes and decreasing labour costs.
- *A relatively stable market demand as a result of its structure.* For example, in hospitals, colleges or schools there are a definite number of people who will consume the food. Preparation is done accordingly.
- *Generally a fixed pricing structure and policy.* This means fixed prices for a relatively long period of time.

It is essential that food service operators are aware of what type of customer they are likely to attract. The type of customer depends largely on the motivation of the customer to eat away from home.

Generally, people are motivated to eat away from home for any one, or combination, of the following reasons (Jones 1996; Cousins, Foskett & Shortt 1995):

- *Convenience.* People who are physically unable to return home to eat for whatever reason make use of restaurants (e.g. shoppers, commercial travellers and commuters). This also includes people who do not have the time to eat at home and thus eat out in conjunction with some other leisure activity.
- *Variety.* Just as people do not watch the same movie every week, so people are encouraged to try new types of food and drinks in different restaurants. People who live in university or college hostels, for example, may choose to eat out for this reason because their meal experiences are so limited.
- *Labour.* The desire to have someone else prepare, cook, serve and wash up after a meal most certainly influences some people's decision to eat out. The popularity of fish and chip shops is a long-standing example of this, as is the recent growth in take-away and fast-food operations.
- *Status.* People may choose to impress their guests for personal or business reasons by taking them out to a fashionable and/or expensive restaurant. In many parts of the world, the business lunch is an acceptable way of sealing successful business transactions; the working breakfast is also becoming very popular. Eating out is also regarded as the "in" thing to do; people want to conform to the social pattern of society.
- *Culture/Tradition.* Eating can be described as "part of our cultural heritage and manifestation of kinship". Celebrations of special events, such as anniversaries and birthdays, are often associated with eating out.
- *Impulse.* This is rather like saying that it is not necessary to have a particular reason for eating out; it is done on the spur of the moment. There is no doubt that in certain businesses, impulse buying is very significant and that it contributes to sales in the food service industry.
- *No choice.* Those on welfare, in hospitals or other forms of semi-captive or captive markets eat meals prepared by others simply because they cannot do so themselves.

From the reasons listed above, it is clear that food service operators satisfy both the social and biological (physiological needs, to desire to eat, sleep, cloth and find shelter) needs of their customers through the provision of food and beverages (Jones 1996:107-109). Depending on whether social or biological needs are met, customers are categorised as either part of the dining market (social needs) or the eating market (biological needs).

- **Dining market**

The dining market frequents a food service operator mainly based on social motivations such as status and prestige, social interactions and self-actualisation. Since the dining market views this as mainly a social event, great emphasis is placed on service. The role of the server – the waitress, waiter, maitre d', hostess or attendant – is very important in the dining market. The dining market can be subdivided into fine dining restaurants and casual upscale dining.

- **Eating market**

The eating market caters for those people who are eating to satisfy their biological needs of hunger and thirst, and they are not necessarily looking for any social interaction. These food service operators must provide quick and efficient service, so servers must be more focused on routine and speed. The eating market can be subdivided into take-away, drive-through and delivery (Powers & Barrows 2006).

Activity

1. Distinguish between commercial and non-commercial food service operators and describe the characteristics of each.
2. Complete the table by writing down appropriate examples of food service operators that cater to the different markets.

Dining market (social needs)		Eating market (biological needs)		
Fine dining	Casual upscale	Take-away	Drive-through	Delivery
Ruben's	Cape Town Fish Market	McDonald's	KFC	Debonairs

Activity feedback

1. In order to distinguish between commercial and non-commercial food service operators, you should have given the definition of each. In this section, four characteristics of each type of food service operator were discussed. In order to obtain full marks in a third-year examination paper, you would have to give a full explanation of each characteristic. Merely listing the characteristics will not be sufficient.

2. Were you able to give appropriate examples in order to complete the table? Remember that in the examination you may be required to give reasons to support your answer.

Now that we have some background on the food service industry and the different dining markets, let's look at the meal experience.

6.2 THE MEAL EXPERIENCE

The process of dining or eating out is referred to as the **meal experience**. The meal experience can be defined as the psychological effect that brings customers back to a food and beverage provider. The meal experience is the **only memory** a customer has when he or she leaves the food service establishment and is based on the entire dining experience. Therefore the meal experience is influenced by a number of factors, such as the food, service, cleanliness and hygiene, decor and lighting, furnishing, clientele and price. Let's look at each of these factors in a little more detail.

6.2.1 Food

Although people do eat out for reasons other than simply to satisfy their hunger, food is still at the heart of the experience. People know what they like and they expect to be served food of a high standard.

The palate is a delicate sensory instrument that should be cared for and educated; all the various sensory impressions or sensations such as odour, taste, texture and variety complete the gastronomic experience throughout life. The successful food service operator is the one who ensures that the appearance, aroma, taste, texture and temperature are just as the customer expects and likes them to be.

Food is influenced by the following elements:

- *Taste*. The tongue's tastebuds are only able to detect four basic flavours: sweet, sour, salty and bitter. The unique combinations of these four basic flavours are what gives food its particular taste. Specific combinations of flavour are important and can be used to good effect in different dishes.
- *Appearance*. The expression "looks good enough to eat" has not become a cliché by chance. Food has to look good on the plate - something that all major food service establishments are very aware of. "Customers eat with their eyes first". Operators spend a great deal of time and effort ensuring that their establishments sell products that appealing to their target market.
- *Texture*. There are many different food textures: rough or smooth, hard or soft, fluid or solid, dry or moist, and tough or tender. We can identify the consistency

and shape properties of food by means of pressure and movement receptors in the mouth. These help to determine our like or dislike of food (e.g. food that is rubbery, slimy or tough is unpalatable). A customer's choice of a rare, medium or well-done steak is derived partly from the influence of texture upon the palate.

- *Aroma.* The aroma (smell) is the second most important element that will affect a customer's reaction to a plate of food, even before he or she eats it. Some operators exploit this factor by ensuring that their ventilation systems lead out onto the street in an attempt to attract customers.
- *Temperature.* Customers enjoy the variety that temperature can add to a meal, such as a piping-hot stew followed by ice-cream. Wealthy Victorians ate a citrus-based sorbet in the middle of their long banquets to refresh their jaded palates. Temperature not only provides variety but it flavours as well. The sweetness of a dish is accentuated when served hot, while the saltiness of a soup is reduced at a high temperature (Jones 1996:110).

Activity

Invite a friend to go with you to your favourite food service operator. (It can be a restaurant, café, deli or take-away restaurant.) Order your favourite meal for both yourself and your friend. Evaluate the food according to its taste, appearance, texture, aroma and temperature. Make a note about each element of the food that you have been served. Now give the dish an overall score out of 10. Ask your friend to do the same for his or her plate of food. Now compare the scores that you gave to the dishes. Did your friend score the food higher or lower than you? Discuss this with your friend.

6.2.2 Service

Most customers are not aware of the numerous problems associated with providing service, nor do they care. Their only concern is that the service meets the standards they expect. If customers are in a hurry, they will go to fast-food outlets that provide food in a hurry; if they are out to impress, they will go to a sophisticated restaurant which offers excellent service. There are many different styles of service and each is tailored to meet the particular needs of a certain type of customer.

6.2.3 Cleanliness and hygiene

Cleanliness and hygiene are essential factors for a food and beverage service. According to Jones (1996), there are essentially three areas of concern for food service operators, namely staff, equipment and the environment or establishment itself:

- *Staff.* Customers do not expect staff to wear uniforms, although as part of their overall image most food service operators do encourage staff to wear a uniform. However, staff are expected to be smart and clean. People tend to ascribe cleanliness to particular aspects of appearance: clothes should be well-pressed and stain free, hair should be clean and well looked after; nails should be clean and manicured, and body odour should be nonexistent.
- *Equipment.* Customers will notice if equipment is not clean since much of it is literally put under their noses. Cutlery and crockery must be clean, well looked after and well maintained.
- *The environment or the establishment itself.* Since most restaurants and food service outlets have direct access onto the street, there is generally a great deal of human traffic in and out of them which carries dirt and dust. The operator must ensure that floors, wall surfaces and bathrooms are cleaned regularly and kept hygienically clean. Fittings such as pictures and paintings must be dusted properly on a regular basis.

Watch this!

Click on the hyperlinks and watch the short videos on health and safety in a restaurant environment:

<http://www.youtube.com/watch?v=URgF2Er026c> – Basic Food Safety – Part 1: Introduction

<http://www.youtube.com/watch?v=DXmgTeu74bY> – Basic Food Safety – Part 2: Holding Time and Temperatures

<http://www.youtube.com/watch?v=YaKZwCOhAcs> – Basic Food Safety – Part 3: Poor Personal Hygiene

<http://www.youtube.com/watch?v=XkL5Ac8HzF0> – What NOT to do

6.2.4 Decor and lighting

Good decor design is important for the success of any establishment. The effect that specific decor has on a customer is a personal thing and every customer will respond differently. The problem lies in the essential paradox that customers need to feel at home in their surroundings, without feeling that they are at home. Thus the decor of a restaurant must be different without undermining the customer's sense of security; it should evoke feelings of pleasure and relaxation, rather than tension and anxiety. The decor must tie in with the food establishment's immediate surroundings.

The lighting in a food service operation is determined in conjunction with the decor. In the same way that colours can affect moods, so can the degree of lighting (brightness or dimness). Bright lights generally promote a sense of warmth and sociability, whereas dim lighting will have the reverse effect. Lighting should also be suited to the time of day (Davis & Stone 1991:30).

Activity

1. Visit the following restaurant websites and browse their photo galleries:

<http://www.cafefelix.co.za/gallery.php>

<http://www.volkskombuis.co.za/volkskombuis/intro.php>

<http://www.lourensford.co.za/Gallery.aspx?ALBUMID=746&CLIENTID=4777&MENU=&Title>

<http://www.kream.co.za/gallery.html>

2. What do you think of the different decor styles?

6.2.5 Furnishing (noise)

Restaurants are noisy places, or they can be if care is not taken to reduce noise levels. In fact, reducing the level of noise by reducing movement and bustle is a step undertaken by restaurateurs who want to upgrade their premises. The most important point to note with regard to levels of noise is that age group rather than social class is the determining factor.

According to Davis and Stone (1991) there are three contributory factors to noise in a restaurant, voices, operational activity and music:

- *Voices.* Customers need to communicate with each other and with the staff. The general level of noise should therefore makes ordinary conversation impossible. Obviously, the more people in the room, the noisier the restaurant is likely to be. Since one can hardly request customers to talk quietly, the operator must reduce the general level of noise by reducing the input from the two other factors.
- *Operational activity.* Eating and serving food can be a fairly noisy business. Apart from the noise derived from serving food, there is also noise caused by movement. Some floor surfaces, such as tiling, are noisier than surfaces such as carpeting.
- *Music.* Most experts agree that music has a direct and strong effect on the customer's mood. It is used in many different environments. It can achieve many things for the operator, so long as the operator is aware of one essential point - background music is imposed on the customer, whether he or she likes it or not.

6.2.6 Clientele and price

The operator has very little control over this factor. A customer's enjoyment of a meal will be affected by the other customers in the room, but generally customers feel at home and feel reassured if the other customers are of a similar age, are wearing similar clothes and are behaving in a similar way.

The idea of service providing value for money has been mentioned, but we need to consider the impact of price on the customer's enjoyment of a meal. In the economic climate at the beginning of the 21st century, many people would argue that this factor is the most important consideration in the mind of a potential customer (Jones 1996:116).

Activity

1. Visit the following websites and examine the menus of the different restaurants:

<http://mcdonalds.co.za/content/index.php>

<http://www.spur.co.za/menu/>

<http://www.kream.co.za/menu.html>

2. What can you deduce about the clientele of the different restaurants based on the menu options and prices?

Activity

Think about the last time you dined out. Explain your meal experience by discussing each of the elements of the meal experience.

Current trends in eating out

As consumers change their eating habits, food service providers need to adapt their product offering. According to the National Restaurant Association (NRA), these are the top ten trends that will be on the menu in 2013 (Blake 2013):

1. Meats and seafood that are locally sourced
2. Locally grown produce
3. Healthy children's meals
4. Environmental sustainability as a culinary theme
5. Children's nutrition as a culinary theme
6. Introduction of new cuts of meat (e.g. Denver steak, pork flat iron)

7. Hyper-local sourcing (e.g. restaurant gardens)
8. Gluten-free dishes
9. Sustainable seafood (This refers to the long-term well-being of various seafood species and the initiatives to harvest seafood in a sustainable manner)
10. Whole-grain items in children's meals

Activity

1. Do an internet search to see what the top ten eating out or food trends are for this year.
2. Which eating trends are no longer on the list? Which trends are new?

6.3 FOOD MENUS AND BEVERAGE LISTS

The word menu comes from the French language and means "a detailed list". A menu is a list of food and beverages offered by a food service operator such as a restaurant or hotel. The primary function or job of a menu is to inform patrons of what is available and at what price. Menus and beverage lists are regarded as the "selling tool" of a food and beverage outlet and enhance the primary objective of the establishment: that is, the selling of food and beverages. The selling tool reflects an offer to the customer base, and if they accept it, the contractual obligation between the operator and the customer is concluded. This basically follows the rule of contracts (offer and acceptance). The menu is often the most important management document, providing a foundation on which the management of the entire food service operation is conducted (Kotschevar & Withrow 2008). A menu and beverage list is used as an extension of the operator's financial, marketing and catering policies.

According to Davis and Stone (1998), the financial, marketing and catering policies can be summarised as follows:

- The *marketing policy* is reflected in the menu, since it addresses the target market and the customers' needs.
- The *financial policy* is reflected in the pricing and cost structure of the menu.
- The *catering policy* is reflected in the menu by the selection of food, which is affected by the food and beverage items purchased, the way the food is prepared and how it is served.

A good menu is one that makes the customer feel confident about his or her choice of restaurant (Davis & Stone 1998:78).

It is thus clear that designing a menu is not only the first and most fundamental part of establishing and managing a food service operation, it is also the most important. The designer of a menu never has a free hand when developing the menu. Various influencing factors must be considered, such as financial constraints, the target market and the physical facilities that are available. Figure 6.2 highlights all the considerations that must be made when designing the menu.

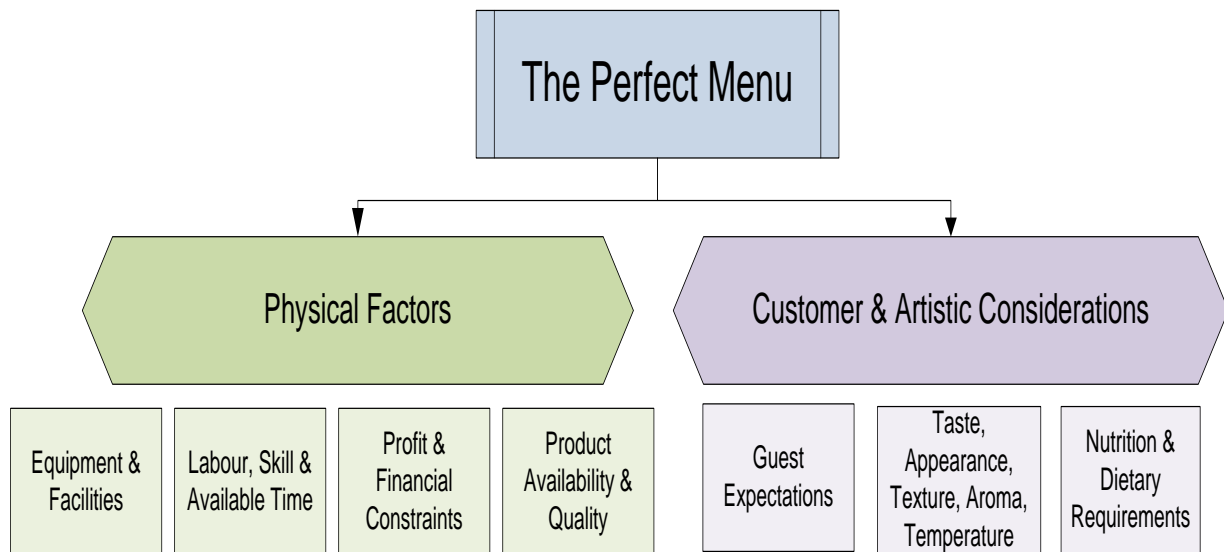


Figure 6.2: Considerations when designing a menu

Source: adapted from Kotschevar and Withrow (2008:113)

Let's look at each of these considerations in a little more detail.

6.3.1 Physical factors

- **Equipment and facilities**

The menu must fit the physical equipment and facilities of the food service operator. This means that the menu must be designed in such a way that the operator's equipment and facilities will make it possible to deliver the food and beverage items offered on the menu. The menu must also utilise all of the equipment and facilities that are available.

Workbenches, stove plates, ovens, sinks, refrigerators and other equipment can only handle a limited amount of work in any given time. Kitchen staff can also only produce a set number of dishes in a certain time period. If a menu planner does not keep the operator's physical equipment and facilities in mind, kitchen staff may not be able to fill orders if they have to wait for equipment to become available.

Example

A menu that features roast meats and vegetables, baked breads, baked puddings, cakes and pastries puts a lot of demand on oven space. If the operator only has two ovens, food may not be prepared in time to serve to customers while other parts of the kitchen may be underutilised.

Menus with a very wide variety of dishes require a kitchen with a lot of pantry and refrigeration space, as ingredients for all the different dishes must always be on hand. The larger the menu, the more stock a restaurant will need to keep.

- **Labour, skill and available time**

In all food service operations, labour is the single largest expense and at the same time its most valuable asset. The menu planner must know what the skills and abilities of each staff member are in order to ensure that the kitchen staff are capable of producing a certain dish, as well as to ensure that the employees' skills are not underutilised. Obviously a dish cannot be offered on the menu if the operator does not have an employee capable of producing it. On the other hand, it is often overlooked that employees must be used to their full capability. Underutilising an employee will lead to boredom, which results in lower productivity levels and a higher rate of absenteeism. The menu planner must also consider the most effective way of using an employee's time. If equipment is unavailable or inefficient, valuable labour will be wasted.

- **Profit and financial constraints**

A menu should always be based on the need to maximise revenue and to minimise costs. Commercial food operators must price their products in line with their targeted customers' expectations. A customer ordering a meal from a drive-through food operator will not be willing to pay the same price for a meal as a customer sitting in a fine dining restaurant in an upscale part of town. Menu planners for non-commercial food operators such as schools and hospitals should also weigh cost and budgetary constraints when creating the perfect menu. Non-commercial food operators cannot offer dishes which include expensive ingredients such as black truffles or *foie gras*.

- **Product availability and quality**

A food item can only be placed on a menu if it is available. Customers may become agitated if their first two or three menu choices are all unavailable. Menus that remain unchanged over a long period of time should steer clear of including too many seasonal products.

Activity

In a semi-developed country such as South Africa, the majority of food products are available year round in bigger cities such as Johannesburg, Pretoria and Cape Town. However in small towns not all fresh products are available throughout the entire year.

Can you think of food items that are seasonal in the area in which you live? Which products should rather not be included in the menu at a restaurant near you?

Avocados (avos) are a good example. Several menu items, such as pizzas or chicken dishes, may include avo; which is only available during specific seasons. This should be indicated on the menu as "seasonal" or should rather only be offered as a "special" when avos are in season.

If you were the restaurant manager, how would you deal with the seasonality of products?

6.3.2 Customer and artistic considerations

- **Guest expectations**

The menu must be planned in such a way as to offer dishes which will satisfy the expectations of most of the food service operator's target market. For example, customers visiting a casual family-orientated restaurant will expect relatively simple food, decent-sized portions as well as dishes designed specifically for their children, such as Spur restaurants in South Africa. Customers visiting a five-star hotel's in-house restaurant or top quality commercial restaurant will expect innovative dishes using

unusual ingredients or combinations, which are presented in a visually striking manner, such as the Pride of India Restaurant, in Groenkloof, Pretoria.

- **Taste, appearance, texture, aroma and temperature**

Menu planners must also keep the taste, appearance, texture, aroma and temperature of a dish in mind when deciding whether to include it on the menu. Key questions that a menu planner should ask are

- What will the end result taste like? Do the various elements on the plate complement each other? Will they taste good together? Will my customers like this kind of dish?
- What will the plate of food look like? Is it visually appealing? Are different colours of food used?
- Are there different textures of food in this dish? Will the different textures produce a pleasing meal experience?
- Will the food smell good? Will the combination of aromas in the restaurant fuse together pleasantly? Or will the restaurant have an overpowering smell? (For example, do all the dishes include garlic and will the smell of garlic be overpowering inside the service area?)
- Will food be served at the correct temperature? Can all the elements of the dish be served at the same temperature? (For example, menu items such as lamb shank and mashed potatoes should be served on a warm plate. If the dish has a salad component, it should be served on a separate plate. This is to prevent the salad from becoming warm on the heated plate).

- **Nutrition and special dietary requirements**

As stated earlier, there is a worldwide trend towards eating and living more healthily. Food service operators are increasingly pressurised to include healthy food options, as well as to cater for special dietary requirements such as vegetarianism, religious requirements such as Halaal or Kosher and a variety of allergies (including lactose, gluten and nut) on their menus. This means that the menu planner must also keep the nutritional content and the ingredients of each dish in mind when deciding which dishes to include.

From the above discussion, it is clear that designing a menu is not a simple task. Many different factors must be taken into account in order to design a successful menu. Note that the factors discussed above are not the only factors that a menu planner needs to

consider. Each food service operator will have individual factors influencing their operations which should also be considered.

Activity

Can you think of any additional factors that may influence the menu?

Activity feedback

Were you able to think of any other factors that a menu planner may need to keep in mind? What about a food service operator's competitors? Take for example a casual family dining restaurant. Usually these restaurants should have large menus with several different types of food. If this restaurant happens to be situated next door to a seafood restaurant, the restaurant manager may find that they sell very few seafood dishes. When people feel like eating seafood, they will opt to eat at the specialised seafood restaurant instead of the general family-oriented restaurant. The menu planner should then remove most of the seafood dishes from the menu, and only have one or two seafood options. This way the restaurant will not lose money on keeping a lot of seafood stock which the customers never order.

Now that we have discussed the different factors influencing the menu planner, let's look at some basic menu criteria for designing the physical menus.

6.3.3 Basic menu criteria

According to Davis and Stone (1991), for a menu to be an effective selling tool, a number of basic factors, such as general presentation, menu content, size and form, layout of the menu and nutritional content must be considered.

- **General presentation**

The general presentation of the menu is very important, since it reflects the establishment's image.

A menu that meets the following criteria will be well received by customers:

- *Attractive, interesting and inviting.* First impressions are lasting impressions.
- *Presentable (clean).* A menu must be made from durable material to improve lifespan and presentability.
- *Easy to read with appropriate language usage.* It must be simple and straightforward, and in line with the education level of the target market.

- *Complement the other factors.* These factors include the general design, decor and image of the establishment.
- *Reflect current awareness.* It must be in line with current eating trends of the general South African and international market.
- *Carefully designed.* Care must be taken with colour, graphics and layout.
- *Accurate and correctly priced.* Only menu items that are available should be listed and prices quoted must be the same as prices charged.
- *Appropriate size and form.* A menu should be shaped and sized to suit the establishment's theme and facilities.

- **Layout of the menu**

The layout of the menu must be such that it gives equal exposure to all the items available for sale. Starters, main courses and desserts must have their own slots on the menu, while subsets such as red meats, chicken and seafood must also be grouped together. Beverages must also be presented in a logical manner, grouping similar items together such as warm beverages and cold beverages, or alcoholic and non-alcoholic beverages.

- **Nutritional content**

The nutritional value of menu items is important to certain categories of customers, especially now that healthy eating has become an important issue in society. It is important that the menu indicates these special dishes; for example, all vegetarian meals could be marked with a special "V".

6.3.4 Types of food menus

Food service operators use any one or a combination of six basic types of menus: à la carte, table d'hôte, du jour, limited, California and cyclical. Let's briefly discuss the characteristics of each of these menus.

- **À la carte menu**

An à la carte menu is a menu with a large variety of items or dishes that are all individually priced. (À la carte means a separately priced menu.) The charge is based on the prices of the items that the guest orders (Davis & Stone 1998:82; Kotschevar & Withrow 2008:66; Ninemeier & Perdue 2008:179). The à la carte menu is characterised by the following: a larger menu with greater variety, all dishes are prepared to order,

items are individually priced, menu items are often more expensive than a table d'hôte menu, and often can contain very exotic and highly seasonal food.

- **Table d'hôte menu**

A table d'hôte menu has a set number of courses (no more than four) and a limited number of dishes (usually two or three per course) at a predetermined price. (Table d'hôte means all at one price.) The charge is not based on what is selected as all items have fixed selling prices. All the dishes are ready to be served at the same time. Table d'hôte menus are often used to appeal to patrons who are unfamiliar with the cuisine offered by the establishment, and are often paired with wine, which further enhances the dining experience, especially for customers who are hesitant to order wine. This type of menu usually includes the popular types of dishes and is therefore easier to control. Very often à la carte and table d'hôte menus are combined; even fast-food operators combine certain food items into a package (e.g. a McDonalds meal) (Davis & Stone 1998:81; Kotschevar & Withrow 2008:68; Ninemeier & Perdue 2008:179).

- **Du jour menu**

A du jour menu is a group of dishes served only on that day and is popularly called the "daily specials menu". (Du jour means "of the day".) Many food service operators offer a du jour menu in addition to their regular menus. The main advantage of a du jour menu is to utilise surplus food items, food that may expire soon, or ingredients that can be bought at a discounted price (Kotschevar & Withrow 2008:68; Ninemeier & Perdue 2008:179).

- **Cyclical (or cycle) menu**

A cyclical menu refers to several menus that are offered in rotation or a cycle. The food service operator may have a short cycle (e.g. three days) or a long cycle (e.g. 28 days). A cruise ship, for example, may have seven menus, one for each day of the week to offer to passengers on a seven-day cruise. This is often used when the customers are "captive"; in other words, passengers on a cruise ship cannot eat anywhere else for those seven days. Most often, cycle menus are used by non-commercial food operators such as hospitals and prisons to give some variety to patrons and to utilise seasonal ingredients (Kotschevar & Withrow 2008:68; Ninemeier & Perdue 2008:179).

- **Limited menu**

A limited menu is simply a menu with a limited selection of dishes. This type of menu is mostly used by fast-food operators and small food service operators such as a café or deli. For example, a pizza fast-food restaurant will only offer pizzas while a café may only serve sandwiches and baked goods such as cakes, scones and pastries (Kotschevar & Withrow 2008:68).

- **California menu**

A California menu offers all meals, all day long. This implies that breakfast, snack, lunch, tea and dinner items may be ordered at any time of the day. This kind of menu is less widely used by food service operators, especially in South Africa. California menus are only financially feasible for fairly large food service operators that have customers throughout the whole day. In South Africa, this type of menu is mostly used by food service operators inside casinos (Kotschevar & Withrow 2008:68).

Activity

A long-lost relative of yours passes away and leaves you with an unexpected inheritance. You have always dreamt of owning your own restaurant and proceed to invest your newly acquired inheritance in purchasing a property, equipment and furniture in order to open the restaurant of your dreams.

In two paragraphs, describe your dream restaurant. Where will it be situated, what kind of restaurant will it be and who will be your target market?

Now design a menu for your restaurant based on what you have learnt in this learning unit thus far.

To a large extent the type of menu chosen for a specific food service operation will also dictate the type of service that is suited to the operator. Prepared food can be presented to customers in several ways, and service styles can be combined in the same meal.

Service styles include (Ninemeier & Perdue 2008:188)

- American (plated) service – food is portioned onto plates and other serviceware in the kitchen and then served to customers seated at the table.
- Traditional French service – food is prepared and cooked in front of the customers at their table (e.g. a classic Caesar salad or a flaming steak).
- Russian (platter) service – food is placed on serviceware in the kitchen and is brought to the guests' table by the server. Individual portions are then placed by the server onto the guests' plates.
- English (family) service – food is placed in serving dishes, brought to the table by the server, and placed on the table. Guests pass the food around and serve individual portions for themselves.
- Buffet (self-service) – customers help themselves to a variety of food that has been placed on a serving counter.
- Counter service – customers indicate orders to the service personnel stationed behind an order counter who then retrieve food for the customers.

Activity	
Complete the table below by including at least two more examples of each food service category.	
Type of food service	Example
American (plated) service	<ul style="list-style-type: none"> • Cappuccino's • •
Traditional French service	<ul style="list-style-type: none"> • La Madeleine's • •
Russian (platter) service	<ul style="list-style-type: none"> • Newscafé • •
English (family) service	<ul style="list-style-type: none"> • Moyo's • •
Buffet (self-service)	<ul style="list-style-type: none"> • Tuscan BBQ • •
Counter service	<ul style="list-style-type: none"> • Fornos Deli • •

Watch this!

Restaurant of the future

Watch the following video <http://www.youtube.com/watch?v=30oL0j-pcpM>. This clip shows that the seating arrangements of restaurants in the future must be flexible, changeable and personalised.

Career clip

Would you like to become a manager in a food service operation? Maybe you want to work in a fine dining restaurant or fast-food restaurant? Remember that you will not start at the top with a management position, but that you will have to work your way up from the bottom. One of the best ways to gain experience in the food and beverage industry while you are studying is to work part time as a waiter. If you handle your part-time position in a professional and efficient manner, you may find opportunities for promotion coming your way. What are the characteristics of a professional waiter? Figure 6.3 illustrates all the different qualities that are desired in a professional server.

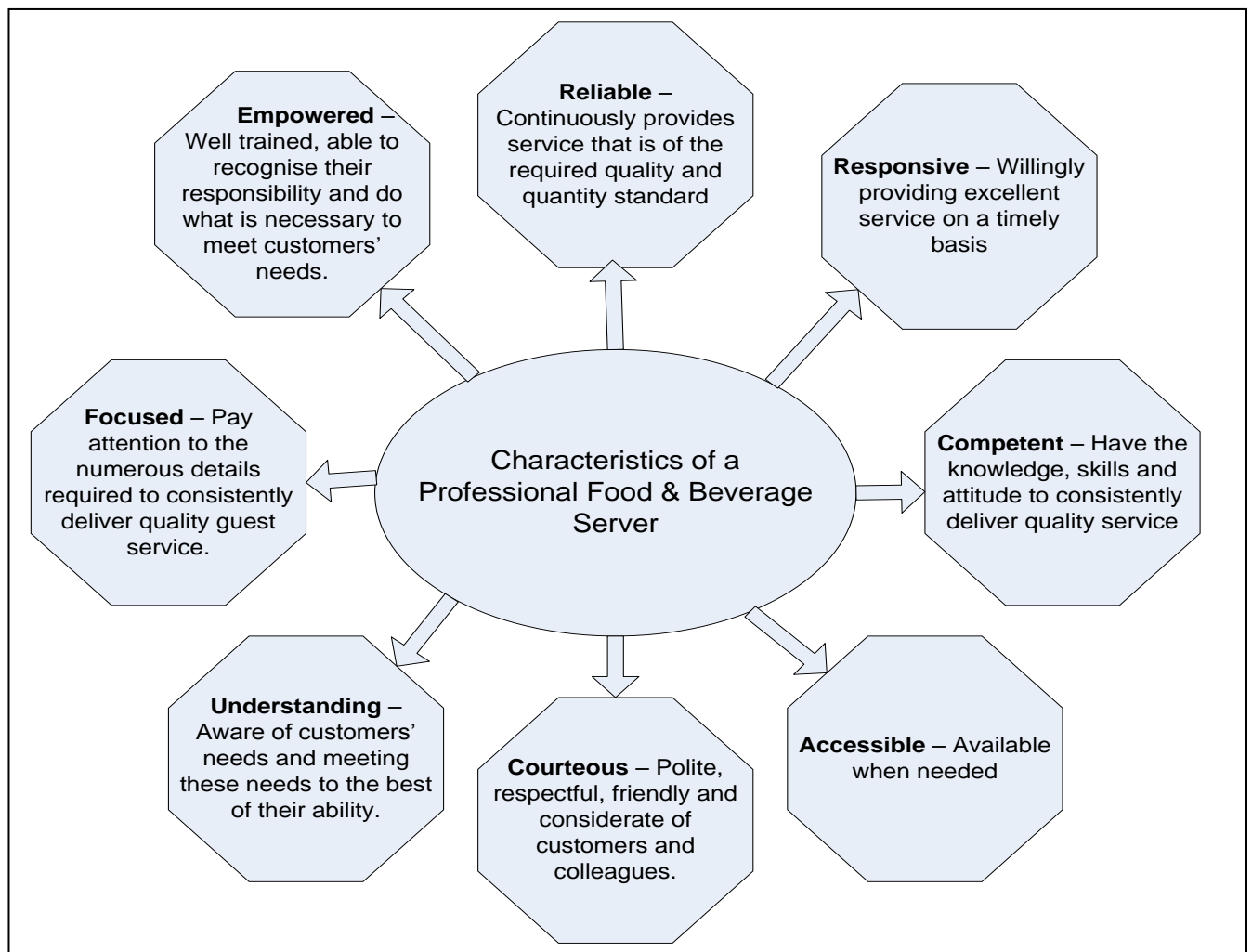


Figure 6.3: Characteristics of a professional food and beverage server

Source: adapted from Ninemeier and Perdue (2008:189)

6.3.5 Types of beverage lists

Alcoholic or non-alcoholic beverages are designed to complement a meal. Beverage lists should, therefore, be specifically prepared for the particular unit in which they are sold, because beverage requirements vary from establishment to establishment. It is essential to serve beverages at the correct temperature and to use the correct, traditional glassware (Davis & Stone 1998).

There are many different types of beverage lists. The types of lists used most often include full wine lists, restricted wine lists, banquet or function beverage lists, and bar menus and lists.

- **Full wine lists**

This kind of wine list should be used in very upmarket hotels and restaurants where the average amount spent per customer is high, usually in conjunction with an à la carte food menu. Customers in this category prefer to spend a long period of time in the outlet to really enjoy their food and drink. According to Davis and Stone (1998), a full wine list will usually contain the following beverages:

- house wines (usually a very special wine of excellent quality)
- Sparkling wines and champagnes
- red wines
- white wines
- port, sherry and liqueurs
- cognac, gin, vodka, vermouth
- beers and lagers
- mineral water and fruit juice

- **Restricted wine lists**

This kind of wine list would be used for a middle type of market where the demand for a full range of wines or other alcoholic beverages is limited. This means that a highly skilled wine steward or waiter will not be required. It is not very easy to compile a suitable list because of the diversity of this market. However, a history of previous beverage sales can indicate what customers prefer. The price range for this type of menu would be lower than that of a full wine menu and would need to bear some relationship to the food menu prices. This type of wine list should be similar to the wine lists provided by other providers (Davis & Stone 1998:87).

- **Banquet or function beverage lists**

This type of menu is of the restricted type, in that it offers a very limited wine list to complement the function or occasion. The list will, however, offer a range of wines and beverages to satisfy the needs of the customer base. The wines on this wine list will usually be the more popular or well-known wines consumed on a regular basis.

- **Bar menus and lists**

The large display of menus and prices would be in a general type of bar where the everyday type of drinks are served. This type of menu is also known as a pub menu or beverage list. These lists generally display the following:

- cocktails
- mixed drinks
- sherries and ports
- liqueurs and brandies
- minerals and cordials

Watch this! Bartending tips: Types of glasses

Take some time to watch the following video which discusses which specific glassware should be used to serve the different types of beverages in:

<http://www.youtube.com/watch?v=HICGe0IDw9w>

The guidelines provided in the video can be very useful should you work as a waiter or even if you serve drinks in your own home environment.

Table 6.1 provides a brief description of the general classifications of liquor that are commonly used on liquor menus.

Table 6.1: Liquor menu classifications

Wine	Specific types of wine are usually grouped together. On a full wine list, the following can typically be found: aperitifs, wines (red, white, rosé, sparkling, dessert).
Beer and ale	Beer and ale are usually grouped together based on how it is served: draft or bottled. Some menus also make a distinction between domestic and international brands.

Cocktails	A limited selection of cocktails is listed on a liquor menu; in cases where a large selection of cocktails is offered these are often listed on a separate cocktail menu.
Mixed drinks	Strong spirits are listed together, such as vodka, gin, rum, brandy or cane mixed with water, soda, tonic water, juice or other mixers.
After-dinner drinks	Brandy, cognac, and/or a selection of liqueurs are also listed.

Source: Kotschevar and Withrow (2008:230)

Activity

You have just been appointed as the general manager for a new boutique restaurant opening in an upmarket part of town. The restaurant will only be open for cocktails and dinner service from 16:30 in the afternoon. Design a liquor menu to suit this restaurant.

6.4 FOOD AND BEVERAGE CONTROL

The control of food and beverage may be defined as the guidelines and regulations associated with the costs and revenue of an operation. It is easy, therefore, to see that food and beverage control is essential. Control as a management function has the following six objectives:

1. *To analyse the income and expenditure of the operation.* Take the following factors into consideration:
 - a. volume of food and beverage sales
 - b. sales mix
 - c. the average spending power per customer
 - d. the operational costs (cost of food, labour costs, overheads)
 - e. administrative costs
 - f. *Consistent delivery of products and services.* The basis for the operation of any food and beverage outlet is the establishment of a set of standards specific to the operation. These standards can be used to determine employee performance and as a guide for management and staff (Davis & Stone 1998:95).

- g. *Pricing.* An important objective of food and beverage control is to provide a sound basis for menu pricing, which includes quotations for special functions. It is important, therefore, to determine food menu and beverage list prices in the light of accurate food and beverage costs and the other main established costs. It is also important to take into consideration other general market trends, such as average customer spending power, the prices charged by competitors and the prices that the market will accept (Davis & Stone 1998:96).
2. *Waste management.* In order to achieve performance standards for an establishment, targets are set for revenue, cost levels and profit margins. To achieve these levels of performance it is necessary to prevent material wastage caused by poor preparation techniques, overproduction of food and the failure to use appropriate standards. This can only be done when effective control is exercised (Davis & Stone 1998:96).
 3. *Prevention of fraud.* Fraud prevention and control is a very important function of management, since this protects the outlet's lifeline - its money and stock. Another area where control needs to be exercised is to ensure that customers do not leave the outlet without paying for their food and drinks. Overcharging and undercharging customers is another problem encountered by outlets (Davis & Stone 1998:96).
 4. *Management information.* A system of control helps to provide accurate and up-to-date information for management's periodical reports. With this information, management should be able to analyse each outlet's performance and assess performance against prescribed standards (Davis & Stone 1998:96).

It is important, however, to explain the limitations of any control system at this stage. According to Davis and Stone (1998), a control system has the following limitations:

- A system of control will not cure or prevent problems from occurring. An effective system is dependent on correct and up-to-date policies and operational procedures. A control system should, however, identify problems and trends in the business.
- A control system requires constant supervision by management to ensure that it functions efficiently.
- A control system requires management action to evaluate the information produced and to act upon it.

6.4.1 Special problems associated with food and beverage control

The control of food and beverage items is much more difficult than the control of materials in other industries. Food and beverage items present the following problems (Davis & Stone 1998:96--98):

- *Food items are perishable.* Cooked or raw food is a perishable commodity with a limited lifespan. Buying the correct quantity and quality of food is thus of the utmost importance and should be done according to the estimated demand for products in the outlet.
- *Business volume is unpredictable.* It is very difficult to quantify what the daily demand of your outlet will be, because the volume of business can change from day to day or even from hour to hour. This unpredictability causes tremendous problems in terms of quantities to be ordered or staff required at any one time.
- *The menu mix is unpredictable.* Operators like to provide customers with a wide variety of choice in order to satisfy their needs, but this causes tremendous problems in terms of stock order and storing. It is important that operators are able to provide customers what is offered on the menu.
- *Catering operations have a short cycle.* The speed at which catering operations take place is phenomenal and supplies can therefore be ordered, received and totally used up in one day. This can cause a number of problems: the short shelf life of products, availability of products at certain times and delays in delivery.
- *Departmentalisation.* Many catering outlets have several production and service departments, especially in large hotels, which offer different products and operate according to different policies. It is necessary, therefore, to be able to produce separate trading results for each of the production and selling activities.

6.4.2 The food and beverage control system

An effective food and beverage control system in a food service operation consists of three broad phases: the planning phase, the operational phase and the management control phase. Figure 6.4 illustrates the control system as it applies to food service operators.

During the planning phase, the outlet's three basic policies - financial, marketing and catering policies - are formulated and compiled. Figure 6.4 indicates the aspects that are covered by each policy.

The operational phase includes a number of important activities, including purchasing, receiving, storing and issuing, and preparing and selling. The control measures used during the operational phase are also shown in figure 6.4.

The last phase, known as the management control phase, includes all the areas under management's control. These areas include staff, raw material and beverages, cash flow, suppliers, the physical structure, equipment and fixtures as well as service levels and standards. Some of the control measures used in each of these areas are also shown in figure 6.4.

Activity

You are a competitor in the “Ultimate Island Survivor” challenge. You and three fellow contestants have been dropped on a desert island. The only vegetation on the island is palm trees. The island has been equipped with a gas stove, pots and pans, and a buried gas tank. There is also a 1 500 litre tank of fresh water. There is no electricity or refrigeration on the island.

The competition is four weeks long. A cargo plane carrying food supplies will fly over the island on the second day of the competition to drop whatever food and beverages you and your team mates have requested on the first day.

Make a list of all the food and beverage items that you want the plane to drop, as well as the quantity that you will need of each item. You may order any food or beverage that you can think of, but you may not request any items that are not edible (e.g. refrigerators, iPads, bedding).

Keep in mind that the food must last for four weeks and feed all four of you, and that nothing can be refrigerated.

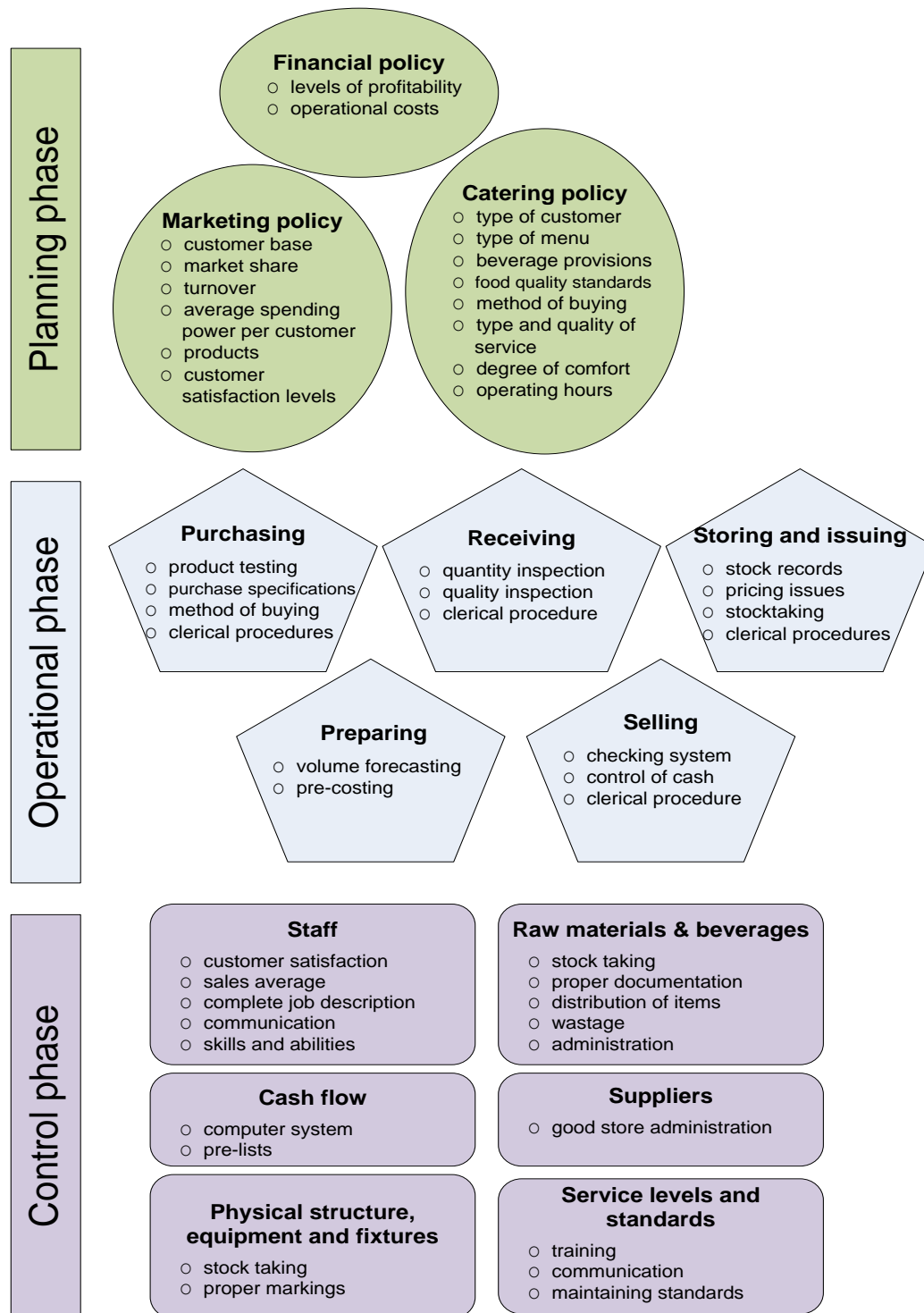


Figure 6.4: The food and beverage control system

6.5 FINANCIAL ASPECTS OF FOOD AND BEVERAGE

No business can operate effectively and efficiently without a budget. A budget is a financial guideline that outlines a business's possible income and expenditure. It is usually expressed in quantitative terms and includes items such as

- total value of the payroll (staff component)
- number of customers
- cost of food and beverages
- maintenance
- overheads

The term "budgetary control" refers to a method of control where managers are assigned the responsibility for various budgeted results and a continuous comparison of the actual results and budgeted figures is made (Davis & Stone 1998:102).

According to Davis and Stone, budgetary control is set in place to meet the following requirements:

- to provide a plan of action for a set trading period, to guide and regulate a business to keep to its stated policies and to use its resources to the best of its ability
- to set management performance standards against which their performance can be measured
- to set out levels of cost responsibility and to encourage cost awareness

6.5.1 Types of budgets

Businesses generally make use of two types of budgets, namely capital budgets and operating budgets:

- A **capital budget** is a long-term budget, which usually stretches over a period of five years or more and makes provision for all capital items such as structure, equipment, furniture and fixtures.
- An **operating budget** is a business's day-to-day operational budget, which makes provision for day-to-day operational income and expenditure such as sales, cost of sales, labour and administrative expenses.

These two budgets are then used to consolidate the business's income statement (statement of profits or losses) and balance sheet (financial position of the business at a specific point in time).

6.5.2 How to compile a budget

According to Davis and Stone (1998), a budget can be compiled according to the following six simple steps:

1. establish the net profit % required in relation to the capital investment and risk involved
2. determine the sales volume to maintain the projected net profit % while taking into consideration the budgeted costs for food, beverages, labour and other overheads
3. prepare the administration and general costs such as office expenses, advertising, rates and insurance
4. make provision for capital expenditure such as new kitchen equipment, furniture and fittings
5. prepare a cash budget, outlining the cash flow position
6. prepare your income statement and balance sheet

6.5.3 Calculation costs

A complete exposition of the various cost components and diagrams will be given later in this study unit.

In order to determine the net profit of a catering unit, the following factors must be considered:

- *Material costs.* Material costs represent all the costs associated with the consumption of food and beverage items and the cost of food and beverage items in stock. The cost of food can thus be calculated as follows:

$$\text{material costs} = \text{opening stock} + \text{cost of purchases} - \text{closing stock} - \text{staff meals}$$
- *Labour costs.* Labour costs include all costs associated with wages and salaries paid to staff.
- *Overheads.* Overheads include expenses such as rent, salaries, rates and taxes, government taxes (VAT and personal tax), insurance, depreciation, repairs and stationery.

6.5.4 Pricing consideration

Two types of pricing must be considered, cost-based pricing and market-based pricing:

- **Cost-based pricing** is used to establish the price of a menu item by calculating, ideally from a standard recipe, the food cost per unit and then adding a given percentage of gross profit to arrive at the selling price. The percentage of gross profit applied should be sufficient to cover all fixed costs and overheads (Davis & Stone 1998:110).
- **Market-based pricing** is based on the relationship between price and value for money. Value for money extends way beyond just the cost of the required ingredients; it includes all the elements of the meal experience. (Davis & Stone 1998:111). Value for money can be described as a basket of benefits a customer will receive. The following elements must be considered when market-based pricing is applied:
 - the nature of the product demand (elasticity of demand)
 - the level of demand for the product (fluctuating demand)
 - level of competition for the product (similar product)

6.5.5 Important elements to know about pricing

According to Davis and Stone (1998), it is important to note the following when pricing items:

- *VAT or value-added tax.* This is the tax payable on all goods and services rendered. In South Africa it is calculated at 14%. (E.g. R200 Bill x 14% = R28 VAT, Total payable = R228)
- *A service charge.* This is an additional charge of usually 10% which is added to the customer's bill; this charge is generally based on the total cost of the food and beverage served. (E.g. The total bill including VAT is R228. R228 x 10% = R22,80 Service charge, Total payable = R250,80)
- *Cover charge.* This is an additional charge required to cover the cost of items such as bread rolls, butter and other items not included in the menu. (E.g. Food and drinks R200 + R10 cover charge = R210 x 14% VAT = R29,40, Total payable = R210 + R29.40 = R239,40)
- *Minimum charge.* This charge is often enforced to discourage some potential customers from using the premises and to discourage customers from occupying a seat with the intention of only purchasing a very low-priced item.

Activity

"Mr Bunnychows" is a local outlet bought by Mr Chow three years ago at a cost of R3 500 000,00. The expected rate of return is 15%. The restaurant operates five days a week and is open forty-five weeks in the year. The daily capacity of meals is 400 meals at an average spending of R55,00 and the restaurant operates on a markup of 200% on cost.

Annual information:

Rates and taxes	R1 250 000
Wages (paid weekly)	R15 000
Insurance	R120 000
Overheads	R500 000 (e.g. rent, water and electricity)

Instructions:

- (Step 1) Compile a profitability statement for the actual capacity.
 (Step 2) Calculate the rate of return.
 (Step 3) Is this restaurant a good investment?

Activity feedback

- (Step 1) Fixed costs (capacity costs) per year
- | | |
|------------------------------|------------|
| Rates and taxes = | R1 250 000 |
| Wages = R15 000 x 45 weeks = | R675 000 |
| Insurance = | R120 000 |
| Overheads = | R500 000 |
- Fixed costs = R1 250 000 + R675 000 + R120 000 + R500 000
 Fixed costs = R2 545 000
- (Step 2) Actual covers (covers are the amount of sales)
 = 400 meals x 5 days a week x 45 weeks a year
 = 90 000 covers

- (Step 3) Average spending
R55,00 per sitting
- (Step 4) Actual revenue per year
= 90 000 covers x R55,00
= R4 950 000

Working out markup and cost of sales

$$\begin{aligned} \text{Selling Price} &= \text{Cost price} + \text{markup} \\ 300\% (\text{SP}) &= 100\% (\text{CP}) + 200\% (\text{MU}) \\ R4\,950\,000 &= 100 (\text{CP}) + 200 (\text{MU}) \\ R4\,950\,000 &= R1\,650\,000 + R3\,300\,000 \end{aligned}$$

Note: How to calculate

$$R4\,950\,000 \times 100/300 = R1\,650\,000$$

$$R4\,950\,000 \times 200/300 = R3\,300\,000$$

$$\text{Cost price of sales} = R1\,650\,000$$

$$\text{Markup on sales} = R3\,300\,000$$

(1) Profitability statement:

Sales	R4 950 000
Less: cost of sales	R1 650 000
Gross profit	R3 300 000
Less: fixed costs	R2 545 000
Net income	R 755 000

(2) Actual rate of return on investment:

$$R755\,000 (\text{net income}) / R3\,500\,000 (\text{investment}) \times 100 = 21.57\%$$

(3) Profitability of investment

This is 6.57% higher than the expected rate of return of 15%, which makes this restaurant a very good investment.

Activity

The following ingredients are necessary to produce 10 portions of deep-fried kingklip: whole kingklip, eggs and breadcrumbs, served with parsley, butter, quarters of lemons and tartar sauce. The outlet operates on a markup of 300% on cost.

10 x 250 g kingklip	@	R148,00 per kg
300 g flour	@	R9,50 per kg
6 eggs	@	R22,50 per doz
1 tray of crumbs	@	R3,50
1 bunch of parsley	@	R5,50
200 g butter	@	R15,50 per 500 g
2 litres frying oil	@	R19,75 per 1 l

You are required to calculate

- (1) total cost of the food
- (2) total cost per portion of the food
- (3) selling price per portion of food

Activity feedback

(1) *Total cost of the food:*

10 x 250g kingklip	@	R148,00 per kg = (2.5 kg of kingklip x R148,00 = R370,00)
300 g flour	@	R9,50 per kg = (R9,50 / 1000 g) x 300 = R2.85
6 eggs	@	R22,50 per doz (R22,50 / 12 eggs in a doz) x 6 = R11,25)
1 tray of crumbs	@	R3,50
1 bunch of parsley	@	R5,50
200 g butter	@	R31,00 per 1 kg ((R30,50 / 1000 g) x 200 g = R6,20)

2 litres frying oil @ R19,75 per 1 l (R19,75 x 2l = R39,50)
 10 portions of kingklip = R370,00 + R2,85 + R11,25 + R3,50 + R5,50 + R6,10 + R39,50
 10 portions of kingklip = R438,80

(2) *Unit price (total cost per portion):*

R438,80 (10 portions)

R438,80 / 10

= R43,88 per portion

(3) *Selling price per portion of food:*

Selling price = cost price + markup

Selling price = 100% (cost price) + 300% (markup)

Selling price = R43,88 (cost per portion) + R131.61 (markup)

Selling price = R175,49

6.6 CONCLUSION

This learning unit outlines the importance of providing food services in the hospitality industry. It explains why customers visit a particular restaurant and what makes them return to that specific restaurant. We looked at the different types of food service establishments, including commercial and non-commercial operations. Then we elaborated on the elements of the meal experience that describes the process of dining or eating out. We reviewed the different aspects of menus and beverage lists in food services and discussed food and beverage controls in food services. Lastly the process of food and beverage costing in food services are explained where we elaborated on budgets, cost calculations and pricing.

6.7 KEY TERMS

Commercial food service operator

Meal experience

Non-commercial food service operator

Menu criteria

Dining market

Beverage lists

Eating market

Control system

6.8 SELF-ASSESSMENT QUESTIONS

1. Illustrate the different food services in the hospitality industry.
2. Differentiate between commercial food service operators and non-commercial food service operators.
3. “Depending on whether social or biological needs are met, customers are categorised either as part of the dining market (social needs) or as part of the eating market (biological needs).” Explain this statement.
4. Fully discuss the different factors that contribute to the meal experience of a restaurant customer.
5. Draw a diagram to illustrate the different factors to consider when designing the perfect menu. Discuss each factor fully.
6. Briefly discuss the general presentation of a menu.
7. Food service operators use any one or a combination of six basic types of menus, namely à la carte, table d’hôte, du jour, limited, California and cyclical. Briefly describe the characteristics of each of these menus.
8. There are many different types of beverage lists. Differentiate between full wine lists, restricted wine lists, banquet or function beverage lists, bar menus, and the types of lists which are used most often.
9. Describe the six objectives of control as a management function.
10. By means of a diagram, illustrate the operational phase of the food and beverage control system.
11. Businesses generally make use of two types of budgets. Define these budgets and indicate the primary purpose of these budgets.
12. Fully discuss pricing considerations in a food and beverage organisation.

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