

This week's blog will focus less on insurance for your restaurant and a bit more on the marketing and management side of the equation. And the issue at hand this week is the lost revenue that some of you may face due to reservations and no shows. I want to share with you what a few other restaurant owners are doing to deal with this problem.

First of all, the no shows for reservations are not a problem for every restaurant. Those hardest hit by this problem are those that have a high per table revenue, limited seating capacity and who stay pretty busy. Let's face it, if you are turning people away from your restaurant because you are holding reservations for those who don't show up, that is clearly a case of lost revenue for you. Now some restaurants deal with this problem by simply not taking any reservations any time. I see a few problems with that from a marketing and management perspective. First of all, you won't know how many customers you are losing because of the no reservation policy.

There is a new restaurant in my town that I have not yet visited because they don't take reservations. They are located in the entertainment district in my town and if I go there to eat, it will be before I attend an event. With the uncertainty of their no reservation policy, I have skipped dining there now several times. And they don't have any idea that they have missed my business because of this. Secondly, their regular clients who may show up on a night that there is a big show nearby may face a long wait time. Is this the way to treat your customers who keep you in business?

So what are other restaurants doing about this problem? Well there are those that are using social media to try and punish the no shows. I have seen a photo on twitter of two waiters holding up their middle fingers with the caption that says this is to the people of two different no show tables last night. Now, if this can pass for humor, I suppose it is one answer, but it really doesn't provide a long term solution to this problem.

An approach that is gaining in popularity now is charging diners for a reservation if they don't show up. While this may seem a bit drastic on first blush, remember this rule – Your clients will interact with you in the ways that you train them to do so. If you choose to go this route, use it to your advantage. Tell them that you are so popular that you have had to create ways to limit the people visiting you each night and this is one of your strategies. Most restaurants who do this have reported that they rarely have to actually charge a client, rather by explaining this on the front end, they get less reservations from fickle clients who were not that committed to them in the first place. Some restaurants have even steadily increased the no show fee until they reach the point where they see a significant drop off in no shows.

There is even a restaurant in Chicago that requires you to purchase a nonrefundable ticket in advance in order to dine there. The tickets are priced under a dynamic pricing model that makes it more expensive to eat during the busiest times and cheaper when the demand is lower.

If you are losing money in your restaurant to no shows, consider thinking outside the box and finding ways to train your customers to behave in ways that benefit you rather than damage your revenue stream. Don't be afraid to try something new, but be sure that you have mechanisms in place to measure the results so that over time you can tweak your ideas to make them as profitable as possible.

When it comes to insuring your restaurant, I hope you will call Clinard Insurance Group, toll free at 877-687-7557 for help with your restaurant. Or you can visit us on the web at www.TheRestaurantInsuranceStore.com