

White Paper

Are Cell Phones the Next Generation of Guest Paging in the Restaurant Industry?



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INTRODUCTION

This paper will outline how cell phones are being used in restaurants in conjunction with standard guest pagers used today. Combining the use of these two technologies will turn tables faster, reduce pager theft and decrease overall upkeep and warranty costs while running a smoother more efficient restaurant. The evolution of technology and pricing over the last 10 years has made it possible for the majority of people to have cell phones with unlimited calling and text messaging. These advances in technology can now be applied with ease to all sizes of restaurants as long as they go on a wait for tables.

CURRENT CONDITIONS

Today's restaurateurs face competition that is at an all time high. Consumers have less patience and expect to be seated quickly or they are likely to leave. For restaurants using guest pagers, this has caused an increase in lost pagers and an increase in costs that they would like to eliminate. Some restaurants have discontinued using pagers while others have tried using different means to locate wandering guests. Overhead paging, which is by far the most obnoxious, or finding someone with the pink tie, which is the most time consuming, have been the two most popular ways to locate waiting guests. Over the past 15 years, guest pagers have served as the solution for notifying guests quickly and easily, and if the restaurant manages not to lose many, is currently the best overall solution available. Introduce the cell phone with SMS text messaging and a new flexible solution is available.

STANDARD GUEST PAGING

Standard guest paging is the ability to contact someone using an onsite pager with a small transmitter located at the hostess stand. This system is plug_and_play and there are several companies to choose from. The basic system will come with 20, 30, 40 or 50 pagers depending on your wait time. The standard calculation is determined that for every minute and a half that you have a wait equals the need for one pager. Thus a 60 minute wait will need 40 pagers to accommodate your guests. This calculation can be altered slightly based on restaurant seating size, average table turn time, and type of cuisine, but is a fairly accurate measurement by itself. Guest pagers have been the standard in the industry for managing waiting customers for the past 15 years.

CELL PHONE PAGING

Simply put, it is the ability to contact someone on their own personal cell phone with a pre-recorded message to notify them that their table is ready all electronically. Cell phone paging gives customers the ability to respond that:

1. they are coming,
2. they will not be coming back, or
3. they need some additional time before they return.

This system must have a broadband connection to the internet in order to work. This system also typically utilizes guest pagers because not all guests have a cell phone when they arrive. The standard calculation today is that by using cell phones the initial need for pagers will be reduced by around 40% and this number will continue to grow as more people accept the cell phone technology.

BENEFITS OF CELL PHONE PAGING

There are some overall benefits to using cell phone paging and pagers combined in one system.

- Start up costs can be reduced by about 30%
- There is a guest paging option for everyone that enters the restaurant
- THE ROI is less than 12 months.
- Guests have the ability to respond to the page when using a cell phone
- Pagers loss will be decreased by greater than 50%
- Easy to use technology

TEXT PAGING

It is the ability to contact someone on their own personal cell phone and tell them that their table is ready using an SMS text message. This method does not have the ability to allow the customers to respond. It also requires that the customer have the ability to receive text messages which currently have either an individual or monthly charge associated with them. The system requires a broadband internet connection. This type of notification system also requires the use of guest pagers since not all guests have cell phones or phones with texting plans. Pager requirements utilizing text paging are also reduced by about 40% because the restaurant will utilize the guest's cell phone to reach them.

WHAT IS THE "RIGHT" SOLUTION

When selecting the right guest notification system for your restaurant, there are several things to consider:

- Throughput
- Increased Bar/Lounge Sales
- Initial System Cost
- Long Term System cost

Restaurants must consider throughput when deciding on which system is best for them. A customer must be close to the restaurant so that once paged can be seated quickly. If a customer does not respond within 3-5 minutes of being called, the purpose of the notification system is defeated. This guest then becomes a detriment to the restaurants ability to turn tables. Turning tables faster is the ultimate goal of any guest notification system. The average table turn is 3-4 times per night depending on the restaurant.

Keeping customers in the bar or lounge area spending money is the perfect waiting scenario for restaurants. This is a very important factor to consider when determining which solution for guest notification is best for you.

When thinking about guest paging, all the solutions above are good by themselves. When these solutions are combined, they create a truly comprehensive solution to the guest notification problems that exist today. The majority of all people who eat out at restaurants have a cell phone and many of them have text messaging. Unfortunately, not all people have a cell phone thus the reason why a single solution is not the answer.

The complete solution is the ability to combine the standard guest pagers for those without a cell phone, with cell phone or SMS text paging for those who do have a phone to create the complete solution. This solution when implemented properly will utilize the best of both worlds. Those customers who do not have or do not wish to take their cell phone to the restaurant are given a pager allowing them to roam freely to the bar or outside making the customer experience more enjoyable. Those who have a cell phone also have the ability to roam freely knowing that they will not miss the call. It also gives them the ability to go to the bar and spend money.

WHAT IS THE ROI?

Return on Investment is the amount of time it takes to get the value of the dollars spent on a project or item back (returned to the business). With the use of cell phone paging, system startup costs are reduced by up to 30% because fewer pagers are required. By using fewer pagers, restaurants will lose fewer pagers, thus saving them money over the life of the system which is typically 4-5 years. In many restaurants with waiting times that average 45 minutes, the loss rate is about 1-2 pagers per month. With an estimated cost per pager of \$45, this will break down to \$90 dollars a month or more that could be saved if the restaurant could use cell phone paging and a smaller number of pagers per system. In order to utilize cell phone paging, a broadband internet connection is required at your hostess station. For most, this expense is already built in to the overall networking cost of your restaurant so no additional costs are required. If you were to decide to implement text messaging, there would be monthly costs incurred by the restaurant that would not be incurred if using cell phone paging.

Here is an example of the standard ROI in a restaurant with a 60 minute wait.

Turning tables – if you could turn on average another 2 parties per night through the restaurant that goes on a wait 2 nights per week then in one month you would turn 8 parties. If your average 2 party ticket is \$30.00 then you would see a sales increase of \$240.00 per month or \$2880.00 per year.

Losing Pagers – if you could reduce the amount of pagers being lost by 2 pagers per month than you would benefit from a savings of about \$80 per month or \$960.00 per year.

Upfront CAP EX costs – When you purchase a system for a restaurant that is on an hour wait then the standard is to order 40 pagers. With the average cost of \$40.00 per pager the restaurant if using cell phone paging could order 40% less pagers which is 16 pagers times \$40 each which equals \$640.00.

The ROI can be seen both in the upfront savings as well as monthly and yearly. If you are on a wait and have a restaurant then having a guest paging solution to manage your wait is essential and if it has the capability to do cell phone or text messaging as well then that system will give you the flexibility and functionality that will be the most effective in running your wait.