

Measuring your F&B Return on Experience (ROX) and Why It Matters?

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Casinos and resorts compete to attract and keep guests on their property. Food and Beverage (F&B) services are a big part of the experience, but their value goes beyond just making money. To truly understand how F&B contributes to success, we can use the concept of Return on Experience (ROX). ROX measures how F&B improves the guest experience while balancing the costs involved. It looks at sales, guest satisfaction, loyalty, social media buzz, and expenses to show how well a casino or resort is creating memorable moments for visitors. By focusing on these experiences, casinos can keep guests coming back and talking about their good times.

Getting to the Good Times - How are experiences evolving?

Good times entice guests to stay longer, come back sooner, and promote their cherished (now memorable) experiences. Good times rule over the costs. Good times are shared and re-shared. Good times are sought out, in the present. There is no room for bad times.

*Good Times in 1825 -Post cards and letters sent home and to friends, **yielding envy***

*Good Times in 1925 -Photos and purchased mementos displayed, **enticing jealousy***

*Good Times in 2025 - Facebook, Instagram, Tik-tok posting, **promoting F.O.M.O. fear of missing out.** (Personal content are now digital mementos).*

At Virtual Hospitality Group (VHG), we ask every client "How do you know if you are getting the value out of your F&B investment?"

At VHG we place the "all important F&B financial results" as the third most important aspect of Return on Experience. The top aspect is guest feedback – because the guests tell your story to the world (their version), and the second important aspect is employee's feedback (regards to engagement) – because the employees tell your story to the guests (their version).

Operators know excellent guest feedback comes from: great planning and programming, training and oversight - which when executed together yields consistency/experience beyond the guest's expectation.

Seasoned managers know that excellent employee feedback comes from: A positive working environment, enabled personal accountability, and recognition - which together yields collaboration/teamwork, trust to see things through, and perceived certainty and stability in the work opportunity.

The ROX enlightened know excellent financial results are measured in the yielding of the guest experiences and employee performance against the net cost of the performance.

At VHG we have used 17 years of operating and feedback data to confirm the following facts.

1. 90% of Native American casino resorts are underwriting F&B operations. Resorts are truly paying for a food and beverage service for their gamers and visitors.
2. 90% of Native American resorts do not survey F&B experiences in large enough sample sizes to insure "real" scoring performance, nor do they survey deep enough to get actionable data (beyond exception-based responses).
3. 100% of all resorts must rely on the front-line staff (first), to deliver excellent results on a consistent basis.

F&B ROX Opportunity INDEX (dry and boring math we are giving you to use)

List of variables: (set values for the example)

Example of completed formula -narrative –

Hyperlink to completed math.

Step 1

$(\% \text{ secret shopper score average} \times \% \text{ secret shopper score average}) \times (.8 \times \text{sales percap}) +$
 $(\text{blended social rating} \{ \text{score out of 5} \} - 4.1) \times (.2 \times \text{sales percap}) = \text{Social score percap}$

Step 2

$(1 - (\text{Actual Comp } \% - \text{Ideal Comp } \%)) \times \text{Social Score Percap} = \text{Experience Percap}$

Step 3

$\text{Experience Percap} / (\text{Actual F\&B Cost per person} - \text{Budgeted F\&B Cost per person}) = \text{F\&B ROX Opportunity Index}$

Putting F&B ROX Opportunity Index to Work

The F&B ROX opportunity index is based on a foundation of industry milestones for excellent experiences. By beginning with aggregated social rating of 4.1 out of 5, and secret shopper score averages of 90% out of 100% as baselines. The threshold of quality is set. Statistically, no operation can average 5.0 or 100% across a large sample size. At VHG we actually set our improvement targets are 4.2 and 92%. Attaining these scores establishes a F&B operation in the top-tier of industry performance.

The F&B ROX opportunity index also takes into account that complimentary sales are budgeted at a determined participation rate as an established percentage of total F&B sales. Complimentary sales help stabilize F&B product offerings and service production and outputs throughout the weekly peaks and valleys in the following ways.

- F&B stability and output increases the likelihood of secret shopper and social rating improvements (fewer substandard experiences leading to better overall ratings).
- Improved shopper and social scoring with higher outputs promotes labor and direct cost efficiencies against budget and assumes a cost benefit (reduction as a percentage of sales).
- Conversely if experience scores improve as a result of higher costs per person, the opportunity index sees these as “bought results” and it negatively impacts the index accordingly.

Balancing Opportunities and Successes

Establishing a base line for the F&B ROX opportunity index allows operators to quickly measure if they are making progress or losing ground. Like F&B budgets results, our F&B ROX opportunity Index builds throughout the year and is designed for long-term performance and year-over-year measurement.

Casinos can forecast what improvements in shopper scores and social rating are needed to justify an investment in additional cost of operations and or additional complimentary sales that will still balance the index results

In the F&B industry we confront executive opinions over facts(data) all the time. We kiddingly say that when the great creator invented the Ego, the first thing the Ego did was open a cool Winebar & Steak Grille.

By giving the industry our findings and formula we hope to start conversations of support and refute. We know everyone will not agree with this F&B ROX Opportunity Index approach. To the naysayers and contrarians, we say review our approach at your resort or service business and take the F&B ROX concept for a test derive. We hope you will share your poinin with us. , because, as you dig into our work -your operations will improve. Questions asked, answers uncovered, and best practices improved – have at it.

About the Author: Mark Healey is CEO and cofounder of Virtual Hospitality Group. In a 35+ year career, he has more than 17 years of F&B experience working with more than 30 Native American Casinos throughout the country. He can be reached at m.healey@virtualhg.com