Before you offer 10% off

A worked page from the Hospitality Live Lab

A group of 40 asks your bar for a discount. The approved guest-facing price is €36 per person including the taxes in this practice example. The venue uses a separate internal net price of €30. The room holds 45. How many guests would a discount need to attract?

Check	Standard	10% off
Internal net revenue per guest	€30	€27
Variable cost per guest	€10.75	€10.75
Fixed incremental event cost	€270	€270
Net revenue at 40 guests	€1,200	€1,080
Event contribution after these costs	**€500**	**€380**

The manager's check. To keep €500 of contribution, the promotion needs (€500 + €270) ÷ (€27 – €10.75) = 47.38, so at least 48 guests. The approved room holds 45. Even at capacity, contribution is 45 × €16.25 – €270 = €461.25.

A draft worth checking. "At the current attendance the discount would reduce contribution by €120. The approved room cannot accommodate the 48 guests required to recover that gap. Keep the standard package or cost a different offer before replying."

Before it leaves the venue. Use the internal figures for the manager. Confirm the guest-facing price, date and capacity with the booking owner. The manager chooses the offer and sends the message.

Fictional bar case. The rates apply only to this exercise. Contribution covers the listed incremental costs. Your venue supplies its approved menu and costs.