



## Ask Gail

by William D. Frye, Ph.D., CHE

# Vending machine refunds are a cause for concern to FOM

Another great article from *The Rooms Chronicle*, the #1 journal for hotel rooms management! \*\*\*Important notice: This article may not be reproduced without permission of the publisher or the author.\*\*\* College of Hospitality and Tourism Management, Niagara University, P.O. Box 2036, Niagara University, NY 14109-2036. Phone: 866-Read TRC. E-mail: editor@roomschronicle.com

Notice: The ideas, opinions, recommendations, and interpretations presented herein are those of the author(s). The College of Hospitality and Tourism Management, Niagara University/The Rooms Chronicle assume no responsibility for the validity of claims in items reported.

Dear Gail:

When guests lose money in one of the vending machines in our hotel, they typically come to the front desk seeking a refund. Lately, it seems that we have been processing quite a few refunds and I am starting to wonder if many of the claims are legitimate. Providing refunds is also starting to put a strain on my front desk's available cash and coin, especially during weekends when we can't get to the bank for change. How would you handle this situation?

Christine F.  
Decatur, IL

Dear Christine,

Due to potential liability concerns and the high cost of acquiring vending machines, most hotels choose to outsource this operation to a local vending company which is responsible for the installation and maintenance of the machines and restocking of the consumable items. Typically, vending companies will either pay the hotel an annual fee per machine placed in the hotel or return a percentage of the gross revenue derived from each vending machine's sales back to the hotel.

In either situation, the contract should stipulate that the hotel will process immediate refunds to guests who complain of losing money in the machine or for outdated, spoiled, or broken consumable items turned into the desk for refund. The contract should also stipulate that each week or month, the hotel will report the amount of refunds to the vending machine technician who will immediately reimburse the front desk (in coins and one dollar bills) for any cash refunded to guests.

While undoubtedly some front desk staff may personally question whether every guest's claim is truly a legitimate loss, the smart move is to treat every guest's request for reimbursement at face value and to immediately provide them a refund from petty cash or as a paid out from the cashier's drawer. Remember, vending machine cash refunds are a pittance in relation to what guests are paying for a hotel stay at your property, so there is never a situation where one should question the validity of a guest's claim or risk embarrassing a guest. Per the contract, the vending machine company will reimburse the hotel for any refunds paid out.

Here a few steps that your front desk can undertake to make processing vending machine refunds easier on your staff, hotel guests, and the vending company:

1. Have two-part vending machine refund vouchers printed up for use at the front desk.
2. Post a professionally printed sign or sticker on all vending machines directing guests to the front desk for refunds for malfunctioning equipment or damaged/spoiled goods.
3. Establish a \$50 or \$100 vending machine refund kitty in a lock box at the front desk. This kitty should be in coins and \$1 bills only. Pay all refunds from the kitty rather than a

Pictured below: Hoteliers should anticipate that guests will seek refunds for money lost due to malfunctions of vending machines located within the hotel.



*cashier's drawer. Fill in the amount of the refund on the voucher and ask the guest to sign it. Pay the refund to the guest and place the top copy of the refund voucher in the lock box. Send the second copy to hotel accounting. When the vending machine technician reimburses the hotel for any refunds, turn over the refund vouchers from the lock box to the technician and put the reimbursement back into the lock box. The lock box should be balanced at the end of every front desk shift.*

4. *After a guest reports a machine malfunction, refund the lost money to the guest and then send a front desk clerk or engineering personnel to that machine with funds to purchase the same item in question. If the machine still malfunctions, post an "out of order" sign on the vending machine indicating to guests where other vending machines are located. Report all inoperable or malfunctioning vending machines to the vending company by the start of the next business day.*
5. *Use the duplicate refund vouchers to analyze a vending company's reliability and performance before renewing any vending machine contracts. ✧*