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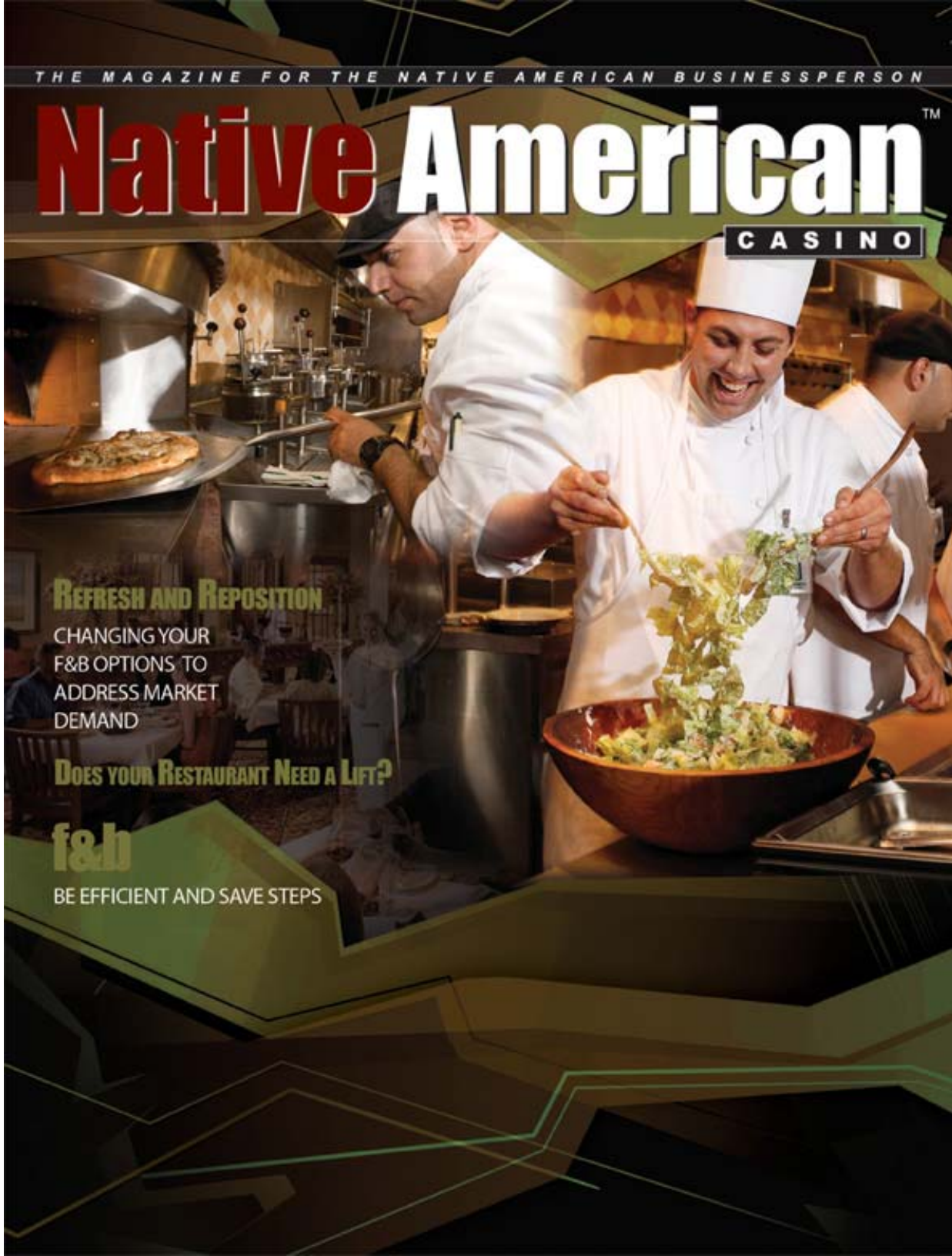
REFRESH AND REPOSITION

CHANGING YOUR
F&B OPTIONS TO
ADDRESS MARKET
DEMAND

DOES YOUR RESTAURANT NEED A LIFT?

f&b

BE EFFICIENT AND SAVE STEPS



REFRESH & REPOSITION

By David Ross

From mega-casino resorts to locals operations, casino executives are maximizing return on investment by renovating and retrofitting food and beverage offerings to meet changing market demand. Repackaged and redesigned restaurants can have a major impact on the repositioning of an overall resort. Celebrity chefs can help casinos create a new identity without building a completely new operation.

You don't have to reinvent the wheel to find out how to do this. We've done your homework for you by interviewing several top experts. Ovations Food Services, based in Lutz, Fla., is a specialized food and beverage management company that includes several casinos among its customers. It is part of a larger family of companies, Comcast-Spectacor.

Mark Healey, vice president of operations for Ovations, says the first step is to assess the existing property. "We look at attendance trends; the utilization of current food service offerings. Our approach is to resize to maximize F&B offerings and introduce a blend of national, regional and local branded concepts." Example: a national steak house, Shula's Steakhouse. "We have a great relationship with Coach Don Shula. Rather than having the 'Upper Michigan Steakhouse and Emporium,' we bring in a national brand that creates its own interest."

Charles Lawrence, vice president of business development for Ovations, adds, "In Phoenix at the Gila River Tribe's Wild Horse Pass Casino we found there were many people from Florida and Phoenix is a major NFL city. Shula's brand does particularly well wherever the NFL is played. You create a magnet within the casino that can be used within the marketing campaign to attract players."

Recommendations depend on property size. "There are a mix of venues, food and beverage, upscale restaurants," Healey says. "We like to reposition and refresh. Sometimes resize. In some places the space given to the buffet doesn't enable them to maximize because there is a long time when a large dining venue sits idle."

The Gila River tribe made a conscious decision NOT to introduce buffets at the Lone Butte, which opened in October, and the New Wild Horse Pass Hotel and Casino, which opens this October. The new trend, Healey adds, is to blend food vendors into the gaming floor. "Give them easy proximity to the casino floor, where they can get

a quick bite, but also an option where they can refresh away from the noise. In Phoenix we developed around-the-clock F&B options that created more volume, including a blend of national, regional and proprietary brands, so if that player wants to be rewarded with a comp, it has an increased value."

The Gila casino has a 24/7 Greek diner that offers an upscale café experience. "Sometimes designers forget about the fresh aroma," Healey says. "We go in and work with our clients to develop the buffet with fresh aroma and visual cookery, so the food's value perception is enhanced. If it is used as a reward, we want it to be a quality value. With Gila we combined food court, high-end restaurant and an all-day experience a step above what you will find on the streets."

They bring the cookery up front, including enticing desserts in display cases. "We like table service whenever we can," Healey says. "Not clearing-type service; this is full-service. At our Café 24-7 you have so many choices you feel special." Ovations

calls this type of service "Everything Fresh." "We go in with the attitude of reengineering, or engineering from the start to be fresh," says Healey, who notes that it costs less to cook at the front of the restaurant — with less waste because more meals are cooked on demand. "With the enhanced experience we can drive the value of the per cap up. People understand value. Great value doesn't always mean \$7 all you can eat. Sometimes value is the quality you get for the money you pay."

Smaller casinos can do a facelift of food courts, depending on the equipment involved, from \$15,000 up to several hundred thousand dollars. Says Healey, "Smaller casinos have a different objective. They have a devout core you need to take care of, repeat customers as opposed to resorts that have a clientele in flux. You must be

careful not to go outside of your core in introducing new products. In larger properties, on the other hand, there is a yearning to have more change — to give them something that goes beyond."

Lawrence notes that many small casinos don't have sit-down restaurants. "They have belly up, window grill concepts." For such casinos, Ovations is rolling out Marche, a dine-around concept that introduces action cookery carts and brings the buffet experience to small environments. A casino might want to offer dining on Fridays or Saturdays, but lacks the infrastructure. The Marche concept is like a farmers market, or the market experience. Patrons can visit specialty stations where F&B is finished off using induction cookery and portable carts to allow front-line service.

"It's a very inexpensive way to expand a casino's image," Lawrence says. This can be incorporated with branded products such as Quizno's or Starbucks. "We're very strong proponents of mixing national and recognized brands. It goes back to implied value or equity of those brands and further rewards the customers."

While many properties have successfully enlisted celebrity chefs, as we will see, it's not appropriate for every casino. "More than the value of a celebrity chef we value a local brand in the marketplace," Lawrence continues. "The problem is that to negotiate with local brands is almost impossible for a local casino operator. That's why outsourcing is a good way to bring in local brands, rather than negotiate with national contractors. They understand that their brand will be protected. A strong local presence could be a good attraction for local players if a signature chef is locally known. And it will be a lot less costly."

Healy adds that while people love the cachet of celebrity chefs, they recognize

that a chef can be at several properties, so you get his concepts, not necessarily the chef. "A strong brand essentially serves the same function, but there is a greater value in finding a non-celebrity brand."

Healey and Lawrence emphasize three key elements: 1) Create F&B that extends the length of stay of the patron; 2) An expanded offering that brings customers back earlier and more often; and 3) F&B is seen as a growing perk in the redemption of points. Establishing that as a great value in cashing in your points is a very positive experience.

The Innovation Group, headquartered in New Orleans, is a large company with many divisions, including one that specializes in F&B development. It specializes in chef searches. David Rittvo, senior analyst and manager, F&B division, notes that the economy has made customers more value conscious, which affects the casino F&B world. "We are developing responses to that, potentially changing menu concepts or occasionally hours. But you must be careful not to inconvenience the high-end player."

His research shows that capture rates (the percentage of casino patrons who visit F&B) are dropping 6 percent-8 percent. Average check size has dropped 10 percent-15 percent. "Because of that there are strategies to repackage or redesign, whether through changing menu options or finding less-expensive cuts of protein," Rittvo says.

A consideration is operational hours. "If you are a large casino with five to seven restaurants, you have the potential to shut one day on non-prime days," Rittvo continues. But make sure to cover all of your F&B customers, from casual customers to those seeking a destination dining experience. When you start talking redesign, "You get into capital outlay that may be cost prohibitive because you have to look at infrastructure. But it's also an opportunity to bring in a pro who can take in an outside point of view and create an experience that will be better for the casino."

How do you know when a redesign is called for? "The most glaring indicator," Rittvo says, "is you will see a drop in cover count and sales volume. Especially a drop in cover counts in upper class, while volume increases in your buffet or casual dining." In the many casinos The Innovation Group works with, they see people "step down," sometimes from the high-end steak house to the mid-end restaurant. "If a restaurant has three tiers, high-end customers may step down to the café or the 24-hour coffee shop. What's important is to constantly watch these figures. You want to be proactive rather than reactive. If you see a significant drop, it's often too late to adjust."

If an operator notices that check averages or cover counts (how many people you serve a night) are dropping, it may be prudent to introduce some lower-priced items. That could potentially allow a steakhouse to increase cover counts and maintain check averages, according to Rittvo.

CELEBRITY CHEFS: THE NAME IS THE MESSAGE

Celebrity chefs have been part of the casino experience for a decade. From small tribal gaming facilities to riverboats or casino resorts, the power and appeal of the celebrity chef and signature restaurant beckons.

Gary Crowder, senior vice president of resort operations at Mohegan Sun, discussed its experience with celebrity chefs such as Todd English and celebrity restaurant owners such as Michael Jordan. The Sun takes great pains to survey guests to determine what they want in a new restaurant. It conducts focus groups with guests and habitual players taken from its database. "We target our target markets and surrounding areas," Crowder says. "A few thousand have volunteered to be accessible to us. What they tell us helps us to render down the basic concepts we need to consider."

The survey includes questions about brands, both national and regional, and asks those taking the survey to rate them. Customers will tell you when it's time to make a change, Crowder says. "Customers vote with their dollars. If you see a trend of reduced covers or average checks, you compare them against traffic flow in the entire casino. You may see a propensity to avoid a certain outlet."

They look at various phases of the day, and peaks of the weekend compared to

(Continued on page 16)



Ribbon cutting at Bobby's Burger Palace. With Bobby is a staff member from BBP and the Mohegan Tribal Council.

CHANGING YOUR F&B
OPTIONS TO ADDRESS MARKET DEMAND



Celebrity chef Jasper White in front of his new outlet inside Fidelia's Market -- Summer Shack Express

(Continued from page 15)

the valley of the weekday with their different clienteles. They survey the restaurants and bars right after a major entertainment event (The Sun has the fourth busiest arena in the country). Country fans and rock fans may generate different business. "We identify what needs to be changed or modified," Crowder says. "Bottom line is paramount." Once they determine which eatery is lagging, the next survey asks, "If we didn't have this, what would you like to see?" It exposes respondents to a myriad of brands, including imagery and narratives, and determines which ones generate highest-perceived values.

The Sun has had great success with celebrity chefs. Recently TV's Bobby Flay opened Bobby's Burger Palace. This urban eatery, typical of New York, serves 10 designer burgers made with Angus beef, thick shakes, beer-batter onion rings, sweet potato fries and fresh French fries. "Bobby has been here several days for the opening. It's his first operation with us," says Crowder, who cites another celebrity chef, cookbook author Jasper White of Jasper White's Summer Shack, which opened in the Sun's Earth Casino Food Court last year. "Todd English is our partner in Todd English's Tuscany, which has been open for six years."

A celebrity eatery that opened with the new Casino of the Wind last fall was Jimmy Buffett's Margaritaville. These celebrity chefs and just plain celebrity offerings were created working closely with food consultants well-

versed in gaming, such as Elizabeth Blau of Blau and Associates of Las Vegas. Blau has worked with the Wynn Las Vegas, the Wynn Macau, MGM/Mirage Resorts and the Bellagio, where she was legendary for lifting famous chefs from the world over to bring to Las Vegas. "Not only is she great at developing relationships with celebrity brands, she develops brands for herself and others," Crowder says. "Because she is from Connecticut and knows this area, we use her as needed, bringing her on when we start developing a concept. I couldn't possibly immerse myself in it like she does."

For awhile, celebrity chefs were rock stars, but today customers want recognizable chefs who have withstood the test of time, such as Emeril Lagasse, Todd English, Bobby Flay, Michael Mina and Wolfgang Puck. "Flay you see all the time," Crowder says. "You can't turn on the Food Channel without seeing him. He's the boy next door and he knows the business. Emeril is just as big. His brand is strong. These are guys who make heads turn."

Celebrity chefs undoubtedly add cost, "so you pick ones who return that cost, chefs who are nowhere near peaking and will be celebrities for years." In October, Bobby Flay will open another eatery at the resort, Bar Americain. It will feature con-

temporary American cuisine and design by American designer and architect David Rockwell.

Through constant surveys and studies of what those surveys tell them — and reaching out to resources like Blau and David Rockwell, the Sun stays just ahead of the leading edge. "We do all these things to keep us in the mainstream," Crowder says. "When we negotiate with someone like Bobby Flay, it's good to have Elizabeth at the table." Of course, the result of these exertions is to keep the public at the table, too. **NAC**

David Ross is editor of *The Roadrunner Newspaper*, *The Boulevard Magazine* and as a freelance writer contributes to several casino business publications. He recently won First Place in the San Diego Press Club's humor category.

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