A comparative study between gaming and non-gaming food and beverage operations using Management by Values as an analytical tool

Cheryl Christine Baker
University of Nevada, Las Vegas

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A comparative study between gaming and non-gaming food and beverage operations using Management by Values as an analytical tool

Baker, Cheryl Christine, M.S.

University of Nevada, Las Vegas, 1993
A COMPARATIVE STUDY BETWEEN GAMING AND NON-GAMING FOOD AND BEVERAGE OPERATIONS USING MANAGEMENT BY VALUES AS AN ANALYTICAL TOOL

by

Cheryl Christine Baker

A thesis submitted in partial fulfillment of the requirements for the degree of

Master of Science in Hotel Administration

The William F. Harrah College of Hotel Administration

University of Nevada, Las Vegas

May, 1993
The thesis of Cheryl C. Baker for the degree of Master of Science in Hotel Administration is approved.

Chairperson, Dr. Donald Bell, Ph.D.

Examining Committee Member, Dr. John Stefanelli, Ph.D.

Examining Committee Member, Dr. Gerald Goll, Ph.D.

Graduate Faculty Representative, Dr. Ted Cummings, Ph.D.

Graduate Dean, Dr. Ronald Smith, Ph.D.

University of Nevada, Las Vegas
May, 1993
ABSTRACT

This thesis analyzes gaming and non-gaming hotel restaurants to determine whether there is a need to reevaluate food and beverage operations in gaming hotel restaurants due to the changing trends in the economy and changing consumer demands.

Management by Values is used as an analytical tool to determine if gaming hotel restaurants should follow the trend non-gaming hotel operations have established and reorganize their food and beverage operations. A questionnaire followed by a personal interview was used to gather information and Management by Values is used to evaluate the information.

The final results proved that gaming operations do not need to re-evaluate operations due to the high level of consistency in of profit making centers.
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ACKNOWLEDGMENTS

Appreciation is expressed to my committee chairperson, Dr. Donald Bell, whose help in the preparation of my thesis was an enormous asset.

Appreciation is also expressed to the other committee members:

Dr. John Stefanelli, for his support, encouragement and expertise during the preparation of this paper;

Dr. Gerald Goll, for giving me the idea to use Management by Values in this paper and the support to follow through on the idea;

Dr. Ted Cummings, for making me really think about the topic and what all the information means.

And, finally, I would like to thank my boyfriend, Ray Freres, who introduced me to the master program and supported me through the entire process.
CHAPTER 1
INTRODUCTION

Introduction

Hotels maintain foodservice operations for many reasons. The primary reason, however, is to satisfy the goals of the organization and the wants and needs of its patrons. Successful hotel foodservice requires correctly interpreting the demands of the public, associating them with the organizational goals, and distributing a cost effective product for everyone to enjoy. This is quite challenging due to the fast-moving pace of trends and demands of the public.

Understanding the market is perhaps the most difficult concept to achieve in business today. Management must be informed of all the trends in society and alter the marketing strategies of the food and beverage department to keep the foodservice operation up to date (Vance, 1992).

The critical goal for restaurant operators is to define the wants and needs of patrons. Restaurateurs who create menu items that they themselves enjoy rather than what the public wants, will spend many evenings in the restaurant having dinner by themselves (Vance, 1992). Once the desires of the guests are identified, the ideas are molded into the marketing scheme of the hotel and its foodservice operations to produce the final product, a consistent and marketable image.

Purpose

Food and beverage operations in both gaming and non-gaming hotels will be evaluated to determine if there is a need for gaming hotel food and beverage operations to follow the trend non-gaming hotel food and beverage operations has established and reevaluate their current marketing strategy. The Management by Values concept, will be used as an assessment of the organization environment.
Management by Values is a philosophy from which a management concept may flow. It is a methodology used to determine the quality of the environment within an organization. The organizational environment is created by management and is the bottom-line to the Management by Values model. This environment is the determining factor of the success or failure of an organization. Management by Values compares the values and norms of the hotel to the values and norms of food and beverage operations. The level of consistency between the two areas will determine if operations should be altered (The Management by Values concept will be explained in detail in the Literature Review).

**Hypothesis**

The hypothesis is that there will be more inconsistency in gaming properties than non-gaming properties due to the difference in the implementation of operating procedures.

Non-gaming hotels use a traditional approach to food and beverage operations. Food and beverage is its own entity and exists to provide a place to dine and make a profit. If the food is not what people want the restaurant concept must be changed. If the restaurant does not make a profit, the hotel supports the restaurant until it becomes too burdensome. This is the trend in the non-gaming hotel industry.

Gaming hotel operations use different approaches to food and beverage operations. The purpose of food and beverage in most gaming hotels is to make people feel they are being compensated for a loss, to keep people in the casino and to lure people into the hotel through discounted products so they will gamble in the casino. How management implements these ideas varies in each hotel according to the predetermined marketing niche.

Most of the time, food and beverage is used as a support system to the gaming operations. These concepts allow food and beverage in a gaming hotels
to run as a loss leader in dining outlets because the amount of revenue generated in the casino will compensate for the loss in food and beverage. However, this concept is contrary to any logical thinking. The loss is justified through monies generated by the gaming end of the operations, but the food and beverage side of operations is left at a standstill. An example of this concept is Harrahs in Las Vegas. Food and beverage operations run as a loss leader from an accounting standpoint. Management is doing nothing to change this concept. Some of the dining outlets, if they stood alone, would be profitable. The low price of the buffet makes it impossible for it to make money. This is also true in the banquet area. There are a lot of gaming functions held in the banquet area which are discounted for this type of clientele. Therefore, food and beverage as a whole runs as a loss leader.

In other hotels, food and beverage is never considered a loss leader and the revenue in food and beverage operations is maximized. At the Las Vegas Hilton, gaming and food and beverage are considered separate entities and separate profit centers. Food and beverage is a support to gaming, but not by discounting prices. Superior service and quality product is the key in this hotel.

Most of the time when a gaming hotel states food and beverage is profitable, the overall department is profitable, but not each outlet. For example, some dining outlets or room service might run at a loss and the catering and banquet department is profitable enough to make the entire operation profitable.

The determination of the philosophy of the food and beverage department is made by upper management. Sometimes, food and beverage directors are not given the responsibility to try and generate a profit because upper management mandates the support of gaming operations no matter what effect it has on food and beverage. Under this idea food and beverage managers are left in a gray area where their beliefs say "this restaurant could be running at a profit" and
their bosses say "forget about it, gaming will pick up any lost revenue and make much more than food and beverage would running at its highest level".

The best comparison to the gaming restaurant is a beverage operation (non-gaming) instituting a 'happy hour'. The drinks are sold at substantially lower prices to lure people to the bar in hopes that the bar will generate repeat business during the prime hours of operation when drinks are not discounted. A clientele is established and a profit is generated by the operation. In gaming operations, this concept is instituted on a larger scale.

**Problem Statement**

For many years, hotels in the gaming and non-gaming industries have placed the importance of restaurant revenue far behind room sales and gaming income. Now, due to a lagging economy, increasing inflation (see Appendix I), and disposable income increasing at an extremely slow rate (see Appendix I), hotel operators are forced to turn toward food and beverage sales to improve the bottom line. However, this is becoming more difficult because the discretionary dollars of those who dine out have been reduced considerably due to the recession (Frumkin, 1991).

During the past few years, hotel room rates and occupancy percentages have not been favorable topics in the hotel industry. Occupancy rates advanced less than 1 percent for the year ended June of 1991, and average room rates crested at a meager 0.8 percent gain in the same period. After adjustments for inflation, industry-wide rates actually sank (Sanson and DeLuca, 1991).

In 1990, hotel loan delinquencies topped $2 billion, and hotel foreclosures were triple what they were in 1989. It's in that somber environment that hotel food and beverage operations are scratching out a living. The "law-of-the-jungle" mentality that pervades the business world has forced many hotel owners and managers to turn to their foodservice operators for fiscal relief (Sanson and
DeLuca, 1991). The old approaches to hotel foodservice just don't work anymore. Today, businesses must be very creative (Romeo, 1991).

Another serious problem is that restaurant customer bases are shrinking due to the decrease in hotel occupancy percentages. Already suffering from a glut of hotel rooms, the lodging industry slipped further into a sales slump when the recession slammed the brakes on domestic travel during the fall of 1991. Room bookings plummeted, shrinking hotel restaurants primary source of patrons (Romeo, 1991). Hotels are being forced to turn to the outside for a new customer base.

Another problem facing the restaurant industry is increased competition from relatively new segments. Not all foodservice segments are having problems in 1992. Social catering and supermarkets, the two fastest-growing segments, benefit from the fact that, even in a recession, life goes on. Social catering is the second largest source of income and the fastest growing industry segment in 1992 in hotels (Annual CHRIE Convention, Catering Seminar, 1992). Sales of prepared foods in supermarkets are projected to grow to 17 percent of the total takeout market in 1994 from 12 percent in 1989 (Bartlett and Bertagnoli, 1992). Real growth in both segments tops the NRA charts at 5.5 percent for supermarkets and 6.8 percent for catering. In comparison, real growth in full service was 0.9 percent and 0.2 percent in lodging (Annual CHRIE Convention, Catering Seminar, 1992). People are staying in the office and at home for lunch and dinner because they want to invest their money in time saving and convenience. The gap is being filled by low cost foodservice alternatives such as take-out in supermarkets and social catering.

The non-gaming hotel industry has accepted these realities, turned them into usable marketing strategies and parlayed them into substantial gains. In a recent Zagat restaurant survey (see Appendix II), the fifteen top-rated hotel
restaurants by city were listed and they were all located in non-gaming hotels (Sanson and DeLuca, 1991). Although non-gaming hotel restaurants have historically been more profitable than gaming hotel restaurants, concerns about productivity of hotel food and beverage have risen due to the oversupply of hotels, shrinking occupancy rates and economic uncertainties (Walkup, 1991).

Recognizing the needs of the guests and turning non-performing restaurants into profit centers is the key. Capturing the market occurs when the foodservice operation finds that the product it decides to market is what customers want. A major problem is that the market is constantly changing and is elusive. Just when the operation believes it has captured the market, most likely, it hasn't. The food and beverage department must continuously reevaluate its strategies and update them to meet the current consumer trends (Vance, 1992).

The gaming industry has not realized the potential of properly marketed foodservice operations. It is relying primarily on gaming to maintain past performance standards. With the proliferation of gambling in the United States and abroad, the customer base could be significantly reduced. The time has come for gaming hotels to get out of the old routine, follow the non-gaming hotels marketing and advertising schemes, and take advantage of the potential for increased income that the restaurant industry offers.

Justification

The foodservice industry has entered the mature stage of the product life cycle (see Appendix III) and growth is at a standstill. The industry barely grew in 1991 (about 0.5 percent) and projected growth is no more than 0.9 percent in 1992 when total sales are expected to be $260 billion. People do not have as much disposable income relative to the cost of goods and services and the increasing rate of inflation. In addition, this trend does not appear to be changing.
Foodservice companies are preparing for a long period of no or slow growth (Bartlett and Bertagnoli, 1992).

Along with the changing economic factors stated earlier, these numbers are an indication that changes are required. Necessary economies and changing markets have forced breakthrough thinking about the foodservice business. Hotel operators must recognize this sign, reevaluate their foodservice operations and design new marketing strategies to attract a broader customer base. As executives and unit managers examine new ways to make or save money, they are creating new criteria for running a restaurant and new approaches to staff, equipment technology, market strategies and customer relations (Bartlett and Bertagnoli, 1992).

**Limitations**

There is a paucity of information concerning the comparison of gaming vs. non-gaming hotel restaurants. In addition, there is virtually no secondary information on gaming restaurants.

**Delimitations**

This study compares and contrasts major corporations that operate gaming and non-gaming hotels. This study will be limited to the Hilton, Hyatt and Promus Corporations. The gaming industry will be limited to Nevada. The non-gaming industry will be limited to the Southwestern United States.

**Definitions**

**Restaurant:** Establishments engaged in serving prepared food and beverages selected by the patron from a full menu. These establishments provide waiter or waitress service and seating facilities for at least 15 patrons (U.S. Department of Commerce, Census of Retail Trade, 1982).

**Gaming Hotel:** A hotel that operates with a gaming license and relies on gaming as a major source of income.
Non-Gaming Hotel: A hotel that does not include gaming activities and earns its major source of income from room rentals.

Fine-Dining: Upscale dining with an elegant setting, individually prepared dishes and attentive service.

Sous-vide: Food is partially cooked and stored in vacuum packed plastic bags to be reheated and served at a later date. The food is reheated by placing the bag in boiling water.

Enology: The study of wine.

Fusion: The mixture of two or more types of cuisines in one restaurant.

Wants: Wants are the drive to achieve over and above needs.

Needs: Needs are a drive for action.

Values: Values are the reason an organization exists. They provide the basis for all that we do as individuals and as organizations. Values represent the why of an organization (Goll, 1992).

Goals: Goals are the tangible manifestations of the organization's values. Goals are stated in measurable and quantifiable terms and are achieved. Goals represent the what of an organization (Goll, 1992).

Norms: Norms are intended to enhance and protect the values of the organization and prescribe how the values may be enhanced and protected. Norms represent the how of an organization (Goll, 1992).

Action Triad: The action triad represents a model that describes the interaction between the values, goals and norms. It may also be described as the sum total of the values, goals and norms (Goll, 1992). This concept will be developed more completely in Chapter 2.

Roles: Roles are the expected behaviors of persons (Goll, 1992).

Status: Status is a ranking in any social hierarchy (Goll, 1992).
**Organizational Environment:** The organizational environment is created by management and is the bottom line of the Management by Values model. Consistency is the key to the organizational environment. A high level of consistency leads to a positive organizational environment and vice versa (Goll, 1992).

**Value-driven Consumer:** A consumer who looks for the least expensive meal accompanied with the best quality and service standards.
CHAPTER 2
LITERATURE REVIEW

Introduction

Over time, peoples' wants and needs are influenced by such factors as economic trends, income, health standards and the constant need for change. Food and beverage operations in the hotel industry must become equipped to recognize these trends and change their marketing mix to fulfill the customer expectations.

The nineties are becoming a decade of reorganization for hotel restaurants. In the midst of another recession, people are demanding increasingly rigid standards of the food and beverage industry. The National Restaurant Association reports that consumers are most likely to gain greater awareness of the dangers of drinking and driving, search for the best value for their money, seek more variety in restaurant food, continue to be interested in health and nutrition and become more knowledgeable about food and restaurants.

The many demographic changes that were seen in the 1970s are emerging today. More working women, more affluent consumers, more senior citizens, aging baby boomers and more single people top the list (NRA Current Issues Report, 1990).

The baby boomers are aging and in return for their years of hard work are demanding quality never seen before. The discretionary dollars of those who dine out have been reduced considerably due to the recession, says Ronald Gorodesky, president of Restaurant Advisory Services. He also believes that people aren't necessarily eating out less, they are eating out cheaper (Frumkin, 1991).
Hotel restaurants have a stereotyped image of not offering a very good dining experience at the right price (Romeo, 1991). Image has become important to restaurant operators because of the intense competition for the baby boom generations' attention and disposable income. No longer can a restaurant sit back and wait for guests to come back repeatedly, because the baby boomers are noted for their fickleness (Shaw, 1990). Many trade journals are reporting that customers continue to eat out less frequently and try to spend less when they do, dropping average checks to a minimum (Frumkin, 1991). Restaurants must create new strategies to lure customers back.

**History**

Restaurants as we know them today did not even exist in the United States until the nineteenth century. Prior to the nineteenth century, the inn or tavern served the dual purpose of a restaurant and a hotel (Stein, 1971).

A restaurant, by definition, is a public establishment where food is prepared, served and sold for consumption on the premises (Sherry, 1981). Restaurants date back to the beginning of inns and taverns where food and drink were supplied to travelers and the local public. An inn is defined as a public house, a house of public entertainment, or, as it is legally phrased, a common inn, a house kept publicly, openly and notoriously, for the entertainment and accommodation of travelers and others, for a reward (Sherry, 1981). Therefore, the purpose of an inn was to provide food, shelter and protection for the weary traveler.

A tavern is an eating and drinking place with limited kitchen facilities, specializing in liquid refreshment and closing early. This type of establishment catered to the local public (Sherry, 1981).

The railways were the first major contributing factor to the success of food and beverage operations. Hotels began to emerge near the main railway sta-
tions. By 1902, seventy major hotels were built and owned by profitable corporations. The seed having been planted, the popularity of the hotel spread to city centers and seaside resorts. The effect on food and beverage was as great as on the hotel. Food and beverage as a necessity turned into a want for the highest and most sophisticated standard of cuisine (Jones, 1990).

The early nineteenth century brought the first restaurant to New York City, Delmonico's. The restaurant offered a nouveau riche style of dining comparable to that found in Europe (Stein, 1971). The elegant atmosphere, lavish table appointments, an imported chef, a menu that offered everything from corned beef and cabbage to lobster a la Newberg and a price tag that only the wealthy could afford brought a new and interesting style of dining that would become the cornerstone of the evolution of fine dining establishments (Stein, 1971).

The early 1900s also saw an increase in travel by salesmen and middle class Americans. This influenced a change in American eating habits. The elegant restaurants that catered to the elite were beginning to change to cope with the changing needs of the public. When the Astor House opened in 1836, it catered to the elite society of New York; however, changing times forced the restaurant to adopt a lunch room concept. This concept spread due to the decline in elitism of travel and the interest in food and lodging for the sole purposes of eating and sleeping (Brymer, 1984).

As the railway age declined, the motor car revitalized a slowing food and beverage industry. It especially helped the smaller hotels and inns that were beginning to neglect the food end of the lodging business (Jones, 1990). The automobile also brought a new style of dining called the drive-in. People could eat in their cars due to curb service and the car hop (Ninemeier, 1984).

In the 1880s, the Industrial Revolution put the masses to work and in turn created a place for the masses to eat, the cafeteria. This concept spread from its
origin, New York, to Chicago and then to numerous other cities. Other developments during this period were a chain of self-service establishments that featured easy-to-serve hot dishes and the first automated restaurant (Stein, 1971).

Moderate priced restaurants, hotel dining rooms and saloons popped up over the United States from the 1880s to the beginning of World War I. The impositions of restrictions, regulations and rationing created as a result of World War I slowed the development of the industry. Industrial catering was another significant impact on the industry during this period. It made the government aware of the need for dietary standards in eating establishments. Adequate nutrition became a standard in feeding the masses (Jones, 1990).

Restaurant growth exploded from 1920-1950 and didn't level off until the 1960s (Stein, 1971). The Licensing Act of 1921 was a boost for all restaurants. This act allowed drinks to be served after 11 PM if accompanying meals. Chinese and Indian styles of cuisine were forming in major cities, which gave the public relief from high priced French cuisine. World War II had virtually the same impact as World War I, i.e., extensive food rationing and requisitioning devastated the industry. Mass feeding was again the main focus in the public eye. This trend increased after the war and by 1945, 25,000 were employed in the business of industrial catering (Jones, 1990).

Many other factors encouraged the growth of restaurants in the United States. Hotels coupled with restaurants were a true match as seen in earlier years. During the 1960s, the concept of a restaurant was being refined in the hotel and in free standing restaurants to meet the demands of the public and changing economy. Improvements in atmosphere, decor, style of service and technological advances in food preparation were a few changes restaurants had to make to sustain public approval. The status symbol of eating out for pleasure instead of necessity became another prominent influence in the success of the
restaurant industry. The introduction of the automobile, population increase, emergence of a new middle class and increased disposable income were a few economic factors that facilitated the expansion of restaurants (Stein, 1971).

The 1980s highlighted three major trends of change in the food and beverage industry. First, life style changes dominated the industry. The concept of the eighties was to die healthy. Nutrition content awareness and education, salt consumption, salad bars, lighter zestier menu options and the usage of 'fresh' food became the tools to implement lifestyle changes. Second, an increasingly active political environment centered on public feeding. Consumer protection and labeling helped people realize the need for nutrition awareness. Finally, the food and beverage industry began to take a defensive strategy due to the maturity of the industry. Food outlets began to realize there was little opportunity for much growth. Their market must be reevaluated and updated to keep up with changing consumer demands. The customer became more sophisticated and began to demand quality. This was the beginning of the concept of a casual atmosphere in restaurants. Lighter woods, fern bars and brass rails replaced the older darker decor. Advertising and marketing strategies emerged as a way to encourage business. Restaurant operators began analyzing the general economy and how economic conditions affected restaurant operations. More women and retirees in the work force, fitness awareness, increased alcohol awareness and decreased amount of leisure time due to an increased work week were a few factors restaurateurs began to study (Olsen, 1982).

**Trends**

Changes are in order for the foodservice industry in the next ten years. Fine dining is taking a back seat to casual dining. A Gallup survey taken in 1991 indicates that the restaurant industry is continuing to respond to the growing interest in casual dining. In that survey, half of the respondents said they enjoyed eating
at a casual restaurant more than eating at a fine-dining establishment. Although consumers rated both fine dining and casual dining equally in terms of the quality of the "overall experience" each provided, casual dining received a significantly higher rating in terms of providing value (Michalski, 1991).

Many non-gaming hotel food and beverage departments are following the trend toward more casual restaurants. Hotel owners, facing further declines in room occupancies, are consolidating their traditionally varied array of restaurant concepts into fewer, but more casual and versatile, operations. Bistros and Brasseries offering an array of different styles and types of food will replace more formal hotel fine-dining rooms as hotels try to recapture food and beverage sales. The brasserie concept includes a bar and a display kitchen. The decor features bistro chairs, marble floors, and wood and slate accents. Tableware is black and white. Breakfast and dinner are geared to the hotel guest and lunch to the locals (Walkup, 1991).

Hilton Hotels Corporation concurred that informal hotel dining is in as customers seek better value and more fun for the dollar, and will step-up marketing efforts directed towards that change of style. Many hotels are eliminating the traditional restaurants and in their place are substituting one cafe-style outlet open for all meals (Walkup, 1991).

Marriott Corporation believes that, in the future, Marriott hotels will probably have fewer foodservice outlets, but the outlets will be more elaborate. Hyatt is outfitting hotels with combination Italian-Oriental dining rooms called either Ciao Mein or Chow Bella (Romeo, 1991). The restaurant is designed to a theme type of an atmosphere with the wait staff dressing up to the theme of the restaurant. They wear a Kimono with a dragon on the back and red high top tennis shoes. This accents both the Italian and Oriental type of cuisine.
Value, nutrition, and consistency are important trends linked to the idea that the food and beverage industry is moving toward casual restaurants. In 1991, the National Restaurant Association (NRA) forecasted a proliferation of "frequent guest" discount promotions patterned after the frequent flyer promotions most airlines use. The NRA also reports several other developments in the restaurant industry such as more advertising emphasis on healthy foods, more demand for high-quality, gourmet foods, continuing popularity of pasta and seafood, importance to consumers of convenience and quick service when dining out and the increasing tendency of consumers to be price conscious (NRA Current Issues Report, 1990).

To satisfy value-driven consumers, it will be necessary to meet or exceed their service expectations. Extensive training of existing labor will help restaurants attain this goal. Operators won't necessarily hire more people; the smart ones will maintain their current labor forces and train them better (Romeo, 1991). Check averages are going down, but are not necessarily decreasing the bottom line due to the lower food cost items being used.

As different food becomes popular, a different food cost is associated with that product. Oriental (Romeo, 1991), Italian (Gordon, 1991) and Mexican cuisine (Staff, 1991) are presently the most popular. In the past, French cuisine dominated the market. French has an extremely high food cost and the other three have extremely low food costs. These lower food cost items are allowing restaurant managers to lower prices because they are still making more money on the Italian dish than the high French plate. This idea is decreasing the check average while sustaining the profit and making the guest happier through the use of lower pricing.

At Radisson, three new concepts are being developed. One is a pure health and nutrition concept, one is a health and nutrition concept delivered via sous-
vide, and the third is an American Bistro that uses sous-vide (Romeo, 1991). In response to changing customer demands Hyatt, along with Radisson, has launched complete lines of low-fat, low-cholesterol and low-sodium foods in the domestic hotel restaurants and room service (Romeo, 1991).

The introduction of cafe style eateries in the hotel brings with it new concepts in food presentation as well as a style of dining for everyone to enjoy. Combinations of food on one plate is the number one trend, with appetizers chosen as a main course coming in a close second (Ryan, 1992). People want to be in control of their meals and their eating habits. They also want to be able to enjoy a salad, split an entree or a few appetizers and finish with a dessert. They do not want to feel confined in their eating styles. Many hotels are cutting entrees in half and serving them as an appetizer to accommodate this type of demand. Appetizer and dessert samplers are also being offered to give guests a small taste of the types of foods the restaurant has to offer (Strauss, 1992).

Family-style dining is another trend being introduced into several hotel restaurants. Family-style dining creates its own ambiance, cuts down on labor and food cost and lends itself to four-tops and banquets (Ryan, 1992) The food is placed in the middle of the table for all to enjoy. This is similar to the Chinese and Japanese style of eating. This concept is reducing labor costs and involving the guest in the dining experience (Bartlett and Bertagnoli, 1992).

Italian and Mexican are the "in" ethnic foods. Italian is constantly being updated with lighter sauces and herb-flavored pastas. Westin Hotels & Resorts Fantasia d'Italia sent seventeen chefs to visit the Piemonte region of northwestern Italy to study Italian cuisine at its source. Westin believes in investing in this type of long lasting benefit from both a financial and prestige standpoint, to advance their food and beverage operations into the future. The cost for each chef was six thousand dollars (Dugovich, 1991).
Mexican is the up-and-coming ethnic food and has an extremely low food cost. Mexican restaurant traffic is up ten percent in 1990 compared to the two percent increase for the industry as a whole (Michalski, 1991). Low-fat low-cholesterol foods and cooking methods will continue to grow because of the public's demand for healthy cuisine. Finally, competitive pricing is a must for all restaurants (Lyke, 1991).

Competitive pricing is extremely important to gaming hotel restaurants since the goal of most gaming hotel food and beverage operations is to offer an amenity that supersedes any other hotel in the area. Through the use of low pricing, the restaurant entraps the guest in the hotel. Therefore, the guest will eat in the hotel at an unbelievable price and after, gamble in the casino. Competition between hotels is fierce and the hotel with the lowest prices, highest quality of food and most superior service will ultimately become the most popular. Popularity is translated into dollars in the casino.

**Leasing Restaurant Space**

A different alternative to revamping food and beverage operations is to lease the non-performing space and let others deal with the headaches. The advantages are many; the primary disadvantage is loss of control. This idea will help hotels erase the stigma that their own restaurants aren't very good. It gives individuality to a hotel's restaurant. The hotel can direct its capital toward more profitable uses and give the independent restaurateur the chance to open without having significant amounts of up-front capital.

The customer base will increase with the increase of local patrons. An example of this type of situation is Davio's in Boston. The Royal Sonesta Hotel Boston leased its space to this popular local restaurant in return for a percentage sales. Since then, traffic and profitability in the hotel has increased (Lorenzini, 1992).
A similar arrangement is the restaurant franchise. Radisson hotels leases their St. Louis and Philadelphia rooms to T.G.I. Friday’s franchisees. They see the match-up as a natural. This situation is especially attractive when both companies are owned by the same parent company (Brumback, 1992).

The hotel lease is usually for fifteen years. It usually earns a percent of sales in return for the use of the restaurant. Therefore, the hotel will have a reasonably consistent income from its restaurants (Brumback, 1992). Another type of financial agreement is one in which the businesses share both sales and profits. Sometimes the hotel will ask for a flat rent for the first few months of business and then go to a percentage of sales (Brumback, 1992).

**Alcoholic Beverages**

According to statistics gathered by the Fatal Accident Reporting System, U.S. Department of Transportation, approximately 25,000 alcohol-related deaths take place in this country each year at a cost of $24 billion (NRA Current Issues Report, 1990). A recently updated figure from the Center for Disease Control states the alcohol-related deaths have dropped to about 19,000 a year.

Alcoholic beverage sales have declined more than have food sales in hotels, corresponding to similar declines in the foodservice industry as a whole (Romeo, 1991). Distilled spirits entered its eleventh year of consecutive annual decline in 1989 and wine and beer entered their fourth year of decline in 1989 (Riehle, 1991). This is due primarily to stringent drunk driving laws and advertising discouraging over consumption in the United States. Lifestyles are changing in the 1990s due to these laws and consumers are becoming more aware of the dangers of drinking and driving and the consequences of over consumption of alcoholic beverages (NRA Current Issues Report, 1990).

The 1989 Gallup poll cited several reasons for the decrease in alcohol consumption, including increased awareness of alcohol-related health problems,
stiffer drunk-driving penalties and concern over drug abuse in the United States (Gordon, Restaurant USA). Topping the NRA's list of why people are not drinking as much alcohol was the fact that people are not enjoying alcohol as much anymore. Other reasons cited were health, concerns about drinking and driving, cost of drinking and concerns about calories or weight loss (Gordon, Rest USA).

Radisson has taken an aggressive approach to solving this problem. Wines are marketed by the glass to accompany the meal, complete with specific, written menu pairings and more intense staff training in enology. Radisson's beverage sales fell off only 5 to 6 percent last year instead of the average beverage industry figure of 15 to 20 percent (Walkup, 1991).

Beverage is a difficult area to treat due to the intoxication laws that the government has placed on hotels and the food service industry. Each person must be treated with care.

Marketing

In order to implement strategies created by management, the hotel food and beverage department must develop a marketing plan to satisfy the needs of the guests. If guests are offered what they want, why should they leave the hotel to seek a meal? The marketing department must take this concept and turn it into the main goal of the food and beverage department. First, the target market must be defined and then the marketing department must develop the overall strategy. Hotel restaurants will need to start thinking and acting like free standing restaurants if they want to turn their operations into profit centers. The restaurant must fill a niche and must market the product aggressively to both guests and the local clientele (Lewis, 1990).

The concept of Management by Values is applicable in the marketing scenario because the distinction between organizations lies in the value structures of the hotels. A hotel's image is derived directly from the hotel's values. Market-
ing externalizes the internal values of an organization in order to attract a certain segment of the population that is able to identify with those values and are, thereby, willing to become regular, repeat guests. This is the key to success or failure in marketing food and beverage, or any other segment in a hotel (Goll, 1992).

Gaming

USA Today estimated that in 1991, gamblers will wager anywhere from $275 to $300 billion, about the same as the Pentagon budget. More than $1.9 billion was wagered in Nevada's race and sports books during the fiscal year 1989-90 (Manteris, 1992).

In 1931, the state of Nevada legalized "wide-open" casino gaming. No other American state permitted casinos. Lotteries, Indian reservation gaming and riverboats did not exist. Horse racing was legal in only three states (Thompson and Comeau, 1992).

During the 1940s, Nevada's gaming industry emerged as a source of entertainment marketed to Southern California. In 1950, the industry exploded. The demand was so high, any casino could turn a profit if it had the bank roll to open and enough security to ensure the guest would not be robbed.

Howard Hughes' investment in the gaming industry helped legitimize gaming in the 1960s and helped change government regulations. His actions let America know it was OK to gamble. By the 1970s, gaming was accepted by most Americans. Bigger and better casinos entered this profitable area. Competition arrived in the 1980s and with it came the proliferation of gaming. New Jersey legalized gaming, lotteries popped up all over the United States, Indian reservations discovered gaming and horse race betting spread to over half the states (Thompson and Comeau, 1992).
The proliferation of gaming is becoming an everyday topic of conversation. Eugene Martin Christiansen, president of a consulting firm in the commercial gaming industry, believes the United States is on the threshold of legalized sports betting (Manteris, 1992). Tom Manfuso, former executive vice president of Laurel Racing Association, believes "it's not a question of whether sports wagering will be legalized at racetracks, it's a matter of when" (Manteris, 1992). In addition, many states have legalized social gambling, lotteries and riverboat gambling.

Over a four-year period, Iowa approved three dog tracks, one horse racing track and several lottery games. Iowa, Illinois, Mississippi, and Louisiana have approved riverboat gambling. Video lottery terminals will go statewide in South Dakota and Oregon; some sports betting is already allowed there (Mason, 1991). A casino has been proposed in Ohio. There is casino gambling in British Columbia, Alberta, and Manitoba. The number of casinos in Deadwood, South Dakota reached 85 in 1991. Ron Island, real estate agent in Deadwood, states "Things are crazy here." Slot machines twirl in hotel lobbies, blackjack dealers flip cards...the gold rush has returned. Gamblers wagered $253 million during the first year of legalized gaming (Manteris, 1992). Colorado has authorized limited stakes casinos for the mining towns of Blackhawk, Central City and Cripple Creek (Thompson and Comeau, 1992). Mayor James Martin at the Silver Dollar Saloon in Cripple Creek states, "the majority of our people want gambling" (Manteris, 1992). Indian reservations across the United States have legalized gambling due to the Indian Gaming Act of 1988. Today they bring in $500 million an year from reservation gambling (Manteris, 1992). In the last year, Chicago, New Orleans, and Connecticut have considered legalized gambling. New Orleans has approved a hotel/casino operation.
Twenty-four other states have proposed gambling and seven are considering casino-type gaming (Reich, 1989). More than thirty states have lotteries and forty-eight states have some form of legalized gambling (Mason, 1991). Only two states, Utah and Hawaii, are without some form of legalized gambling (Manteris, 1992). This could pose a problem for Las Vegas. Gambling is essential to the economy of Nevada since 27 percent of the state labor force works in gambling establishments, and tourism-related employment brings that total to 65 percent (Manteris, 1992). Nearly half the state government revenues come from gambling taxes.

The niche that all these new gaming locations are going after is the same as the now established gaming cities, i.e., locals and tourists (Beisie, 1989). The new cities that are contemplating entering the gaming industry, Chicago and New Orleans, have established superior hotel food service operations and will definitely incorporate them into their gaming hotels. People who have experienced riverboat gambling praised the Las Vegas-style emphasis, not only the sleek black catamaran boat, but the elaborate permanent building that features a casino-type lounge and bar area, and a high fashion gift shop (Koziol, 1992). These type of pseudo Las Vegas gambling establishments are trying to take people away from Las Vegas. Pat Olson, who stays winters in Las Vegas and summers in Chicago, loves the riverboats and believes they are just like playing in Las Vegas casinos (Koziol, 1992).

Along with gaming, people must eat. The restaurants will incorporate economic and consumer trends as well as updated technological advances in the industry. The established gaming hotel restaurants must begin to follow the trend toward reorganization of food service establishments in order to combat the new competition and improve their bottom lines.
Management By Values

A reorganization of food and beverage establishments is an intense and costly task. By using Management by Values (MBV) as an analytical tool, hotel operators can make a clear assessment of the position their food and beverage operations should assume in their hotels.

Management by Values is a philosophy from which a management concept may flow. It is a methodology that an employer may use to determine rather effectively the quality of the environment within an organization. This environment is a determining factor of the success or failure of an organization. Therefore, by using Management by Values as an analytical tool, management can determine if a change is needed. (Goll, 1992).

Management by Objectives is a concept developed by Peter Drucker in 1954, and is the first step to understanding Management by Values. Management by Objectives is a joint accomplishment of establishing objectives by both the manager and the worker. Business performance requires that each job be directed toward the objectives of the whole business. Management's job is to insure success of the whole. A manager's performance is derived from the performance goals of the business. The superior must know what contribution to demand and expect of the manager, otherwise efforts are wasted, managers are misdirected and friction, frustration and conflict occur (Drucker, 1954). Management by Objectives answers the questions what and how. This style brings the worker into the situation and makes him/her commit to the objectives. The pitfall of this style is that if it is not implemented correctly, workers can become vulnerable to fast-talking, persuasive managers. This is due to management's failure to manage problems and not due to difficulties with the process of managing by objectives (Goll, 1992).
From the flaws of this style evolved Management by Values, a philosophy from which a concept may flow. Management by Values represents a method employers may use to determine rather effectively the quality of the environment within the organization. The positive or negative motivational environment management creates is the base that produces sustained success or failure. The main thrust of Management by Values is to continuously answer not only the questions of what and how, but most importantly, the question why (Goll, 1992).

Planning, controlling and organizing answer the question what in an organization and are the basics tasks management must perform. Secondly, management must teach workers how to perform these tasks. Finally, people want to know why tasks must be accomplished. Management by Values answers the question why, which represents the common denominator of all functions performed in the organization, the organization’s values. Management uses these concepts to form either a positive or negative organizational environment (Goll, 1992).

Developing consistency throughout the organization is the approach used as a basis for shaping and clarifying individual behaviors that are consistent with the reason the organization exists. Enhanced personal satisfaction and productivity and organizational stability is the consistency. If inconsistency occurs between the understood purpose of the organization and its processes for achieving its purpose, problems will evolve. But, some problems may be only symptoms of deep seated problems. Symptoms may point to one basic problem, the inconsistency (Goll, 1992).

Values are only a part of the model known as the action triad. The action triad consists of the values, goals and norms of an organization (see Appendix IV). Values are the reason the organization exists. They are a basis to provide some understanding of what we do and why we do it in a certain way. They are
what we represent and they answer the question why. We live by values and they are not easily changed. An organization's goals and related objectives, are the tangible manifestations of the organization's values. Goals represent the what of an organization, must be stated in measurable and quantitative terms and can be achieved. By analyzing an organization's goals, some insight into its values may be gained. Norms are intended to enhance and protect the values of the organization's as well as articulate the processes for achieving the organization's goals. To achieve this, it may be necessary to place certain limitations on the behaviors of persons within the organization. Norms represent the how. Norms also prescribe how the values and objectives may be enhanced (Goll, 1992). These three ideas working together can create either a positive or negative organizational environment which translates into success or failure.

Roles and status stem from the action triad and are a part of the equation that yields the organizational environment. Roles represent the expected behavior of persons. The level of consistency tends to clarify the expected behavior. Status is a ranking in any social hierarchy. Status is dependent on how well the role is played out. Consistency between the organization's action triad and the individual's action triad will enhance positive status (Goll, 1992).

The final element of the Management by Values concept is the organizational environment, the bottom line. Management creates this environment through the definition of the action triad, roles workers play and the status formed by the roles. This environment can either be positive or negative according to the level of consistency developed by management. When inconsistency occurs between the organization's values and norms, people will not know how to behave. This encourages a negative organizational environment where role ambiguity produces a negative status which leaves the worker frustrated and distressed.
When Management by Values is used as an analytical tool, Value Inventory Analysis will determine the state the hotel is in at a particular time period. Inconsistencies and consistencies between the projected image and its strategies for minimizing, or possibly eliminating, variances between expectation and reality will arise through evaluation of the action triad. The values, goals and norms of gaming and non-gaming hotel restaurants are compared and contrasted in order to analyze each hotel's present situation in the industry. The outcome will indicate if the action triad of food and beverage operations is consistent or inconsistent with the hotel's action triad. Inconsistency suggests that the non-gaming hotels should reevaluate food and beverage operations. Finally, if inconsistencies exist, eliminating the variances creates consistency and a positive organizational environment which is the root of Management by Values (Goll, 1992).
CHAPTER 3
METHODOLOGY

Introduction of Analysis

The methodology of this study will consist of primary data collected to illustrate the present scene in hotel restaurants and how their operations are changing. A short questionnaire was constructed and implemented to gather pertinent information about restaurant operations so gaming and non-gaming hotel restaurants could be compared and contrasted. This was sent to gaming and non-gaming food and beverage directors and was followed by a personal interview. The philosophy of Management by Values was used as a base to form questions in the personal interview since it was used as an analytical tool to decide if the gaming operations should follow the trend non-gaming hotel restaurants have initiated.

Data Source and Sample

Secondary data were taken from a computerized search of all journals and newspapers located in the James R. Dickinson Library in Las Vegas, Nevada. The journals and newspapers used in the study were Nation's Restaurant News, Restaurants and Institutions, Restaurants USA, Christian Science Monitor, Hospitality Research Journal, Los Angeles Times and New York Times.

The gaming industry had virtually no information available in reference to gaming hotel restaurants or their food and beverage operations. Therefore, a questionnaire and personal interview was developed to gather pertinent information.

The sample size was determined by the number of corporations involved in both gaming and non-gaming hotel operations. Hilton Hotel Corporation, Hyatt Hotel Corporation and The Promus Corporation which operates Harrahs in
gaming and Embassy Suites in non-gaming, were used in this study. The gaming hotels used in the study are located in Nevada. The non-gaming hotels used in the sample are located in Arizona and California.

**Questionnaire Construction**

The main purpose of the questionnaire was to gather basic information about the type of hotel and food and beverage operations (see Appendix V). It was designed to obtain the information needed to compare gaming hotels to non-gaming hotels. The style of questions were either yes/no, choose the answer that best describes situation in the hotel or short answer.

The personal interview was designed to obtain information about the interaction between the action triad of the food and beverage department and the action triad of the hotel (see Appendix VI). Each respondent was asked, through a series of open ended questions, to describe food and beverage operations and how those operations interact with hotel operations.

The answers to the questionnaire, the personal interview and the information gathered in the library were compared and contrasted to reveal if gaming hotel restaurants need to reevaluate their food and beverage operations and marketing strategies. The main areas to be compared and contrasted were the values and norms of the hotel as compared to the values and norms of food and beverage operations. The relationship between values and norms is the most critical element in this comparison because the norms are intended to achieve the goals and enhance the values. The strategies each department used to achieve stated goals was compared to the reason the organization exists. This concept explains why relationships exist and reveals the level of consistency between the hotel and food and beverage department. It also justifies why departments run operations in a particular fashion.
The level of consistency was the measure used to determine if a reevaluation is necessary. Therefore, the level of consistency was the determining factor of the success or failure of operations.

**Analysis of Management by Values**

Management by Values is a means for assessing the quality of an environment; therefore, it is a qualitative analysis and is very difficult to quantify. But, almost any problem in an organization can be reduced down to the basic conflict of the normative standards of the organization and the values of the organization.

Developing consistency throughout the organization is the approach used as a basis for shaping and clarifying individual behaviors that are consistent with the reason the organization exists. Enhanced personal satisfaction and productivity and organizational stability is the consistency. If inconsistency occurs between the understood purpose of the organization and its processes for achieving its purpose, problems will evolve. But, some problems may be only symptoms of deep seated problems. Symptoms may point to one basic problem, the inconsistency (Goll, 1992).

The determination of inconsistency is not an easy task and is relatively subjective. The means to determine the inconsistency can be found in the functions of management and those being managed. Management sets objectives based on the values of the organization. These objectives are translated into functions to be performed by those being managed. Personal and physical requirements are assessed so the functions can be performed. The right kind of people accompanied with the right type of equipment must be provided so the functions will be performed up to or above standard. These prerequisites are a necessity for the organization to achieve its objectives and enhance its image.

An example of an inconsistency in this sense was seen at a hotel restaurant in Las Vegas, NV. While visiting the restaurant, one half of the dining room was
open for customers while the other half lay dormant. A line began to form outside the door with hungry people waiting to eat. The manager was asked, "Why don't you open the other half of the restaurant?" The answer was, "We do not have enough dishware to serve the entire restaurant." This is a complete inconsistency. The normative standards are in contradiction to the image that is put in the customers mind.

Three years ago, in a gaming hotel, a dining room manager was told by upper management to promote a dessert that cost seventy-five cents. She knew the reason the organization existed, to feed people as quickly as possible and get them back to the slot machines. In her mind, to push a dessert that kept people in the restaurant longer and took three quarters away from gaming revenue was a complete contradiction to the reason the organization existed. Again, the normative standards were in contradiction to the image that was put in her mind. She could not sell the product.

A different hotel in Las Vegas advertised a ninety-nine cent prime rib dinner in one of the restaurants. This special was intended to lure people into the hotel for the prime rib in hopes they would end up at the tables or the slot machines. The director of food and beverage sent a notice to all employees to not sell the special and upsell the people to a more expensive dinner. The problem was that none of the employees were trained how to upsell items. Therefore, employees were left in a state of confusion. In short, management said this is what we are doing, but what we want you to do is a contradiction to what you know. This is another example of inconsistency between normative standards and organizational values.

In this paper, the normative standards and values for both gaming and non-gaming hotels restaurants will be ascertained through the questions answered in the personal interview. In each corporation, gaming and non-gaming operations
will be compared and contrasted in order to observe inconsistencies. These in-
consistencies will either prove or disprove the hypothesis that more inconsisten-
cies exist in gaming hotel restaurants than non-gaming hotel restaurants.
CHAPTER 4
PRESENTATION AND DISCUSSION OF DATA

Introduction
This chapter will present and analyze the information obtained from the personal interview and the questionnaire to test the hypothesis stated in chapter one: there will be more inconsistency in gaming property restaurants than the more traditional non-gaming property restaurants due to the non-traditional approach gaming operations implement. The level of consistency between the values and norms of the hotel as compared to the restaurant is the determining factor of success or failure in the sense that food and beverage is accomplishing its goals stated by upper management. The findings will determine if the level of consistency between the hotel and food and beverage operations and if gaming operations need to reevaluate their food and beverage operations.

The sections that are compared are purposes and functions, interaction of the hotel, gaming and food and beverage, effect of food and beverage on operations, trends, profitability, standards, marketing strategies and management by values.

The sample size of hotels to be interviewed was fourteen. The response rate was thirteen. Harrahs, Lake Tahoe was not available for a personal interview. The hotels that agreed to be interviewed are Flamingo Hilton, Las Vegas and Reno, Las Vegas and Reno Hilton, Scottsdale Hilton, San Diego Hilton, Hyatt Gainey Ranch in Scottsdale, Hyatt Islandia in San Diego, Hyatt Regency Lake Tahoe, Harrahs Las Vegas and Reno, and Embassy Suites in Scottsdale and San Diego.

The results of the personal interview will be presented first. The discussion will involve a comparison of the values and the norms of each hotel and restau-
rant to show the level of consistency between the hotel and food and beverage operations. Next, a comparison of gaming restaurant operations and non-gaming restaurant operations will show if there is a need for gaming restaurants to re-evaluate their food and beverage operations. Information from the questionnaire will be added into this discussion to support the personal interview information.

Presentation of Data
Flamingo Hilton/Las Vegas
William F. de Roode
Vice-President of Food and Beverage Operations

Purposes and Functions
The primary purpose of food and beverage in this hotel is to offer a comprehensive product so the guest will want to remain in the hotel and not venture to a different hotel. In essence, food and beverage is used as a marketing tool for the gaming operations.

The main functions of food and beverage would be the same as any other hotel with a wider variety of selections as compared to the competition. This is the key to keeping the guest in the hotel instead of traveling to another casino hotel. While visiting this hotel the department wants the guest to have a total experience whether it be American cuisine or international cuisine and high-end or low-end pricing of cuisine. They offer as many different types of food and beverage outlets as possible to accommodate every type of person.

The primary purpose of the organization is to generate profit for the company and generate the maximum return on investment as well as maintain the reputation and the name of the overall establishment. In addition, it is a goal to keep the occupancy as high as possible due to the fact that the more people in the hotel the more chance exists to make income in the casino.
The main function of the hotel is to attain a high room occupancy and keep those people in the hotel.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage operations help the organization as a whole achieve its purpose through well defined packages that reach the type of clientele hotel marketing has determined to be their niche. For example, the two day customer will receive free drink tickets, a free breakfast and dinner and a free late show. The package is trying to say you are here and you can have dinner and a late show free of charge. Therefore, the guest will spend the first day in the hotel and will more than likely not venture outside the hotel to look for something else. The next morning the guest receives a complimentary breakfast, hopefully head for the casino through the day and return for dinner. This strategy keeps the guest in the hotel through the use of food and beverage outlets so they will use the casino and hopefully loose more money than it cost to give the complimentary food and beverage. In actuality, it is an extended customer base for gaming due to the fact that casino operations reimburses food and beverage as if the casino player was a normal guest visiting the hotel. The only difference is the treatment food and beverage must give the casino player. Superior service and consistency is a standard.

Gaming and food and beverage work very closely together as far as food and beverage servicing the customer from the casino. The existence of food and beverage is to complement gaming operations as far as giving the guest what they want in order to keep them happy at all times. This is accomplished through free beverages in the casino and complimentary food and beverage in the restaurants. The amount of complimentary food and beverage is dependent on the level of play generated by the guest. There is an old motto that is true today. It is an attitude that if given free drinks the guest will get loose because they will not
think as carefully with alcohol in the system. Consequently, people will become less observant and spend money more freely.

**Effect of Food and Beverage on Operations**

Food and beverage has a very substantial effect on the operation as a whole through the guests experiences while visiting the hotel. It is looked at as a piece of the whole operation. Typically, a guest will spend two days in the hotel. The guest has minimal contact with the front desk, room service and bell service. In food and beverage, there is a much lengthier and more personal contact with the customer. Therefore it is important that food and beverage establishes personality and quality of the hotel.

**Trends**

There was no mention of any major changing trends in this company.

**Profitability**

Profitability is determined each month by a profit and loss statement. Overall the food and beverage is profitable, yet not each outlet is itself profitable.

**Standards**

The image of the hotel is a quality minded, first class hotel. The rooms are attractive and above standard. They are not four star, but are three star. The dining experience is somewhere between first class and luxury class as well as offering the lower style bargains. The total package is the most important aspect to the experience of the hotel.

**Marketing Strategies**

The main strategy used to promote food and beverage operations is to determine the image of the hotel and become consistent in the preparation of food and beverage as well as superior service to the guest. They will offer different qualities at different price levels and will be consistent in the preparation and
service of each area. Therefore, the guest will know what to expect from each outlet and can decide which best suits the guests needs.

The niche this hotel has determined is to cater primarily to the tourists due to the need to obtain a high occupancy at a large property.

**Management by Values**

The value statement or the reason the hotel exists is to make a profit. Profit is made in gaming operations.

The norms or strategies used to enhance and protect the values of the hotel are in support of the hotel's value statement. The hotel is seen as an above standard, quality minded hotel. This allows the guest to believe they are receiving above standard treatment so a compensation is made for a gaming loss. The main function of the hotel is to achieve as high as possible occupancy so gaming can generate the highest possible income.

The hotel uses packages of complimentary items to keep the guest attracted to the hotel so they will not travel elsewhere for food or entertainment.

The values of the food and beverage department are twofold. First, food and beverage is a comprehensive amenity used to keep people in the hotel. Secondly, food and beverage is used as a marketing tool for gaming operations. These ideas fit together to support the values of the hotel.

Food and beverage is the strategy used to help gaming maximize profit. It is both a compensation and a vehicle used to keep people in the hotel and gamble. Complimentary food and drink is offered throughout the hotel and casino to guests that frequent the casino.

Even though not all food and beverage outlets are profitable, food and beverage helps achieve the overall value statement of profitability by offering superior service, quality food and the use of their outlets to satisfy the gaming clientele. For the hotel, this translates to profit.
The level of consistency in this hotel is high. Each department works to accomplish the value statement of profit.

Las Vegas Hilton
William Hiers
Director of Food and Beverage

**Purpose and Functions**

The purpose of food and beverage in this hotel is to provide a service to casino guests and to enhance the guest's experience.

The main function of food and beverage is to provide an experience so the guest will feel satisfied with the quality of food, service and price.

The purpose of the organization as a whole is to make money.

The function of the hotel is to provide not only gaming, but a whole experience, food and beverage, hotel and casino. This concept will hopefully increase the return rate of the guest.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage works together with gaming when gaming gives their customers complimentary food and beverage. Therefore, food and beverage is a necessity to the gaming end of operations. The casino comps are based on the dollar value and the amount of play of the individual. Different levels of guests have different privileges in the dining rooms. This hotel is thrifty toward the looseness of comps.

**Effect of Food and Beverage on Operations**

Food and beverage is very important to the hotel and gaming operations. It allows the guest to enjoy a full experience while staying in the hotel. In addition, it fulfills the need to compensate a substantial loss or allows a place for rest, enjoyment and hopefully a return to the casino when a profit is made. Without food
and beverage there would be a missing link and the guest would not feel complete.

**Trends**

All food and beverage operations have been changed the last six years. They were changed to provide the guest with new experiences management has to create new endeavors. For example, the previous Italian room was a sophisticated Olive Garden. Now it is a Northern Italian, high ceilings, show kitchen. People want different experiences and if management gives them the same experience time after time they will go to a new experience.

**Profitability**

Gaming and food and beverage are separate entities and separate profit centers in this hotel. This hotel has never taken a position of food and beverage being a loss leader to support the gaming end of operations. Food and beverage is a support to gaming, but not in the sense where a competing casino might have a $1.99 steak and egg special. The reason behind this structure is the separation of food and beverage from the casino and the idea of a profit oriented view of food and beverage operations.

The hotel is broken into three separate profit centers simply because of its size. The importance of food and beverage operations to the hotel is great due to the size of the hotel, 3000 rooms. The support food and beverage offers to operations is an outlet for the guest to eat and drink.

Most of the food and beverage operations in this hotel make a profit. The outlets that do not make a profit are structured that way because of a service aspect, you have to have a coffee shop, room service and a buffet. The most important measure of success used in this department is if the guest enters the establishment and has a good time, was served properly and the food was hot. These elements are more important because if a hotel does not have those ele-
ments, they can not begin to make a profit. The strategy used to make the out-
lets more profitable is not necessarily to do more covers, but to provide a service 
the guests wants.

**Standards**

The standards that exist in the hotel are to provide a reasonable price for a 
great product so the department can make a good profit and the guest is satis-
fied. This hotel has never been on the low-end. For example, the fish is flown in 
fresh from France, Maine or Florida. Skimping on the level of food provided is 
not the answer, but healthy prices are charged in return for the services. If a 
comparison is made between other metropolitan cities, this hotel offers a much 
lower price at a higher level. Where this hotel makes a profit others will not be-
cause competition uses food and beverage as a calling card.

**Marketing Strategies**

The strategies used to promote food and beverage operations are mostly in 
house. This hotel is located next to a convention center. Most of the clientele 
comes from this type of person. The hotel is very busy during convention periods 
and rather slow during other times. Since this hotel is a convention hotel, their 
marketing strategy does not include the local clientele or guests from other ho-
tels. There is little local advertising because most locals are looking for a deal, 
and this hotel is not in the position to give deals and bargains. Most of the busi-
ness comes from in house and the guests are aware of the services provided. 
On convention days, everything is packed. In times of low occupancy, some res-
taurants are closed and less services and staff are provided. In addition, man-
agement tries to forecast activity in the hotel so revenues can be maximized and 
expenses minimized.
Management by Values

The value statement of the hotel is to make money.

The strategy used by the hotel to make money is to provide a comprehensive experience so the guest is completely satisfied and will return to the hotel in the future. The hotel supports this strategy by offering a quality product at a good price in order to achieve a favorable image both internally and externally. In house promotions are used to get the guest acquainted with the different services the hotel offers.

The value statement of food and beverage is to enhance the guests experience at the hotel and provide a service and compensation to casino guests.

The strategies food and beverage use are mostly to promote repeat business. They offer excellent service and quality product with a reasonable price, as compared to other cosmopolitan cities. The restaurants are structured to uplift the ego of the guest dining at the restaurants. Repeat business means more visits to the casino which translates to increased profit. This is the key to this operation.

Food and beverage also provides a support system for people who spend a lot of money in the casino. A superior experience in any food and beverage outlet is a must for a guest that has lost a large amount of money. This serves as a compensation and a vehicle for repeat business. If the guest loses, but is extremely happy in the way he was treated, he will return, hopefully with friends, and both will lose more money. This also translates to profit.

This hotel is highly consistent in the structure of the values and norms of the hotel and food and beverage as a support of gaming and a vehicle to promote repeat business.
Harrahs/Las Vegas

Anthony M. Sanfilippo

Vice-President of Services

**Purposes and Functions**

The primary purpose of food and beverage in this hotel is to create a draw or an attraction so people leave other hotels to visit this hotel. In this instance, food and beverage is used as a marketing tool to bring people into the hotel from other hotels.

The main function of food and beverage is to determine what the guest wants and deliver that product and service.

The main purpose of the organization as a whole is its responsibility to the shareholders and their investments in the company, profit. Equally important, which eventually leads back to the main purpose, is taking care of guests that visit the hotel and taking care of employees that invest in a career with the company.

The main functions of the hotel are to insure guest satisfaction so money will be made for the hotel.

**Interaction of the Hotel, Gaming and Food and Beverage**

The importance of food and beverage in this hotel lies in the idea that what if you did not have food and beverage operations. If there were no food and beverage operations there would be a substantial effect on gaming due to the fact that people would have to leave the building and go somewhere else to fulfill a basic hunger need. This increases the chance that they will spend casino time elsewhere.

**Effect of Food and Beverage on Operations**

Food and beverage has a substantial effect on the operation as a whole. Food and beverage operations must create outlets that take care of the guest so
that guests leave the establishment saying they had a great experience for a great price. The goal is to create a high valued experience so the guest feels they are getting more than any other establishment in the area.

**Trends**

Last year, this property was upgraded from a Holiday Inn to a Harrahs. The management contract expired and Promus Corporation felt it was in the best interest of the corporation to change the establishment to Harrahs. The reasoning behind the change was to create a broader customer base for Harrahs since Harrahs previously existed in every gaming city except Las Vegas.

The changes that were made in the last few years were mainly an extensive training program for employees. In addition, management has created clear cut standards for the food and beverage operations.

**Profitability**

Food and beverage operations in this hotel run at a loss from the standpoint of accounting. For example, in banquets, the charge for a gaming customer is not full retail, and there are a lot of gaming functions in the banquet operations. Some of the restaurants, if they stood alone, would be profitable. The low price of the buffet makes it impossible to make money.

Another problem is that the facility was built over twenty years ago and there is substantial overhead in the back of the house. There is not one central kitchen, but a kitchen for each restaurant making the operations more labor intensive. Therefore, this operation is more sensitive to the price-value relationship. If the hotel would decide that food and beverage operations needed to become profitable, substantial changes would have to be made.

There is more concern placed on the efforts to reach more customers and get them into the hotel than to make a profit in the food and beverage operations. The strategy lies in all operations working together to obtain the best pric-
ing structure to attract the right number of people to the hotel so profitability is maximized. Even on the hotel side, pricing is done with care. They want to get the best gaming guest and not get the best average rate.

**Standards**

The standards of the hotel begin with taking excellent care of the guest. In general, the hotel is all about having people feel comfortable, having people feel they are getting a good value, having people feel like the service is above average as compared to other places, and finally, having a facility that takes care of the employees by providing benefits and provides an atmosphere of teamwork.

Food and beverage accomplishes the standards through the hiring process. Employees are very guest oriented, are trained to have the knowledge and skills to successfully perform their jobs. In the food and beverage area, standards are given to the employees so there is an understanding of what is expected of them. Guest comments are take very seriously and conveyed to the employee whether it be good or bad.

**Marketing Strategies**

The philosophy of the food and beverage operations is that if guests enter a restaurant and feel they received a good product at a good value, they will spend more time in the hotel and eventually in the casino.

The main strategy used to promote food and beverage is pricing. A couple restaurants are specialty rooms where the idea is to provide a nice dining experience.

Since seventy percent of food and beverage customers are non-hotel guests, they try to provide a means to have people enter their property from surrounding properties. Of this seventy percent, locals are not included because the location in the center of the strip makes accessibility more difficult than other hotels.
Management by Values

The value statement of the hotel is to make a profit for the shareholders.

The strategy used to accomplish this idea is to insure guest satisfaction and employee satisfaction. Since the employee is the person insuring guest satisfaction, management goes to great measures to ensure employee satisfaction. Extensive training and communication between managers and employees is the key.

The value statement of food and beverage is to create an attraction so people from other hotels will frequent this hotel's restaurants. Therefore, if a guest enters a restaurant and believes they received a good product at a good value, that person will spend more time in the hotel and eventually will visit the casino.

The main strategy used to promote the value statement is pricing. All restaurants are priced to beat any competitors in the area. Since seventy percent of restaurant clientele is from surrounding properties, this strategy appears to be working.

The other strategy that must be accompanied with price is added value whether it be service or a comparable or better product as compared to competitors.

These conditions generate a favorable word of mouth advertising which will increase traffic in the hotel and also increase casino play. Therefore, gaming operations uses food and beverage as a marketing tool for the casino. This translates to profit in the casino area.

The hotel and food and beverage are consistent in the roles they play with gaming operations. Each area is well defined and complements the other areas.
Scottsdale Hilton

Joe Zuzga
Director of Food and Beverage

**purposes and functions**

The purpose of food and beverage in this hotel is to provide a service for the guest. The guest is given a choice of eating experiences that will suit all needs and therefore, will not have to go outside to look for another product.

The functions of food and beverage are to provide quality food and quality service. There is a spirit between the managers and the employees that they will do whatever it takes to get the job done. Beyond administrating the day to day tasks, the food and beverage manager sets the standards for the hotel restaurants.

The purpose of the hotel is to make a profit.

The main function of the hotel is to provide a resort type atmosphere with excellent service to its guests.

**interaction of the hotel, gaming and food and beverage**

Food and beverage works closely with the hotel in the sense that most of the clientele are in-house guests. The food and beverage operations have been designed to compliment the hotel and offer a product that fits into the niche Hilton has determined. This hotel has adopted a Southwestern appearance. Food and beverage has a selection of certain types of this sort of cuisine on the menu. In addition, some of the business is local clientele. Promotions are done during the holidays to bring people into the restaurant. For example, every year Santa Claus comes to the restaurant and free food and drink is given to children and their parents.
Effect of Food and Beverage on Operations

Food and beverage operations are extremely important to this hotel. The operations are used as an amenity to guests as well as a complement to the hotel. People who visit the hotel know what to expect due to the high level of consistency.

The objective of this food and beverage operation is to offer a quality product with a good price and excellent service and, to do so consistently. The current director of food and beverage was initially brought in to consult with upper management on the changes needed to make the restaurant more profitable. They liked him so much he is now the director of food and beverage.

Trends

Many changes have been made in the food and beverage operations in this hotel. There used to be a seafood bar that had an extremely high food cost and was losing a considerable amount of money. The cuisine was not suitable for the area and was rather eccentric. The staff was not happy and looked down on managers. Since the arrival of the present Director of food and beverage, the seafood bar was eliminated and the menu was updated. The cuisine was changed to a more American style, more chicken, prime rib and steaks. Southwestern cuisine and health conscious meals were added to the menu. The prices were slightly reduced and the quality was increased. This food and beverage operation does not believe in specials or coupons, but in offering a great product at a good price. The staff was retrained and a more team-like atmosphere was incorporated. The idea of the inverted pyramid of job titles is used to show who is the most important person in the restaurant. The server is the most important person in the restaurant because direct interaction with the guest takes place constantly. The food and beverage director is the least important because there is the least amount of interaction with the guests experience.
The overall food cost was lowered. This was done by changing the side orders to pastas and starches and vegetables in season. To help with the cost, there is a financial analyst that reports directly to the food and beverage director regarding any changes that need to be made.

**Profitability**

Food and beverage operations are productive in this hotel. The measure used is bottom-line profit. The financial analyst helps cut costs and determines different ways to save money. In addition, the service and consistency of the service is a determinant. Comment cards are used as well as personal conversations. In the past, operations were not productive, but due to the changes, they are now productive in both areas.

**Standards**

The standards that exist in the food and beverage operations are superior service standards, food standards and management standards. Each of the parts helps build the level of consistency which builds repeat business.

**Marketing Strategies**

The main marketing strategy used is consistency in the hotel, menu selection and word of mouth advertising. Building a solid reputation to where the guest knows what he is going to receive and is happy with the product depends on the level of consistency. If the level of consistency is high, this strategy will generate dependable repeat business for both the in-house guest and the local clientele. In-house guests are informed of the selections the food and beverage outlets have to offer through promotions in the rooms.
Management by Values

The values statement of this hotel is to make a profit.

The strategy used to promote this statement is to offer a resort type atmosphere with excellent service to its guests.

The value statement of food and beverage is to provide a service to the guest so he will not have to go outside to look for another product.

The main strategy used to accomplish this statement is to provide quality food and excellent service at a reasonable price. The menu offers a variety of options to suit any taste. In addition, the concept of the food and beverage department is to do whatever it takes to make the guest happy and get the job done. This concept will generate dependable repeat business and word of mouth advertising. This translates to profit.

The consistency is high between the food and beverage department and the hotel. The food and beverage department's goal is to build a clientele and service the existing clientele to the highest possible standards.

Hyatt Regency Gainey Ranch/Scottsdale
Peter Rice
Assistant Food and Beverage Director

Purpose and Functions

The purpose of food and beverage is that it is a necessary, profit driven area. Only in the last six years has food and beverage come to be a profit center. This is due to cost cutting in the operations without reducing the level of quality.

The main functions of food and beverage in this hotel are not only to provide a service to the guests that stay at the hotel, but also an accommodation to the local clientele.
The purpose of the organization as a whole is to make a profit.

The main function of the hotel is to keep the guest captive in the hotel. The hotel is in the luxury market. This hotel is looked at as a premier golf resort and convention center. Hyatt takes advantage of the area, the climate and other aesthetics, but the golf center is the key to the resort.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage is marketed toward the golf course clientele as well as all other area attractions. Therefore, food and beverage is tied directly into the scheme of the hotel, mostly through banquets. Since the hotel is in the luxury market, a lot of corporate and incentive groups are attracted to the hotel and the hotel can charge premium rates for the banquet facility. As soon as a group is handed over from a sales manager to a catering manager, the banquets are at the forefront of their mind. The restaurants are also brought into the scheme; if the person is not interested in a banquet then they are booked in the restaurant. Therefore, the guest does not have to leave the property.

**Effect of Food and Beverage on Operations**

Food and beverage operations are vital to this hotel. Because this hotel is a resort, there are certain requirements the hotel must have whether it be twenty-four hour room service or a fine dining establishment.

**Trends**

In the last few years, food and beverage has had to look at their operations and evaluate if what the restaurant is giving the guest is what the guest really wants. For example, a year ago, every Hyatt hotel put a strawberry on a soda as a garnish. This idea was thrown out and saved the company millions of dollars. The idea was that it was a nice touch, but the guest will not let the nonexistence of a strawberry effect the purchase of the drink. Most of the changes are to make the guests experience more pleasurable with a heavy emphasis on cost and
streamlining. The only change the guest will see is an increase in the service levels.

**Profitability**

Food and beverage operations are very productive in this hotel. There is no separate profit and loss statement for each area, but the sales and profit from food and beverage shows that operations are still growing even though there is a recession.

The bottom-line is the key measure used to determine profitability. In addition, guest satisfaction takes a close second. Guest surveys and telephone calls to guests that have eaten in the outlets prove to be the best technique to obtain suggestions or output on operations. The information gathered from the surveys and telephone calls is studied and changes are made.

**Standards**

Hyatt as a whole has standards that every Hyatt hotel must follow. Hyatt has a lot more freedom than other companies. Food and beverage fundamentals with quality assurance standards are inherent to every Hyatt hotel. For example, there may not be more than two cigarettes in an ashtray at one time, and each server must approach the table within thirty seconds.

Quality assurance standards are a new plan to put the restaurants in a higher bracket as perceived by the guest. Certain goals are set for the property, and how these goals are achieved is determined by the managers.

**Marketing Strategies**

The main strategies used to promote food and beverage are designed to appeal to the local people. Direct mail, office blitzes, promotions, publicity from being involved in the community and radio advertising.

Restaurants are targeted toward locals and hotel guests. There are three restaurants in the hotel. Seventy percent of the clientele is local. The hotel has
an aggressive approach to marketing. For example, during the Christmas season, the marketing department initiates office blitzes for Christmas parties in the banquet area to locals. In addition, signature items from restaurants are sent to locals. For example, last Christmas, The Golden Swan restaurant sent three hundred jars of pesto and five hundred cookie tins as holiday greetings to the local clientele. This strategy promotes the local clientele which keeps restaurants profitable during low occupancy periods.

**Management by Values**

The value statement of this hotel is to make a profit.

The strategy used by this hotel is to keep the guest captive in the hotel so he will not look elsewhere for entertainment.

The value statement of the food and beverage department is to make a profit.

The main strategy used by food and beverage is to provide a service to the hotel guest and the local clientele superior to those in the area so the guest will have a great experience in the hotel and return with friends. A favorable image is accomplished through an extensive menu selection and a quality product. This strategy helps the hotel and the food and beverage department become profitable.

The consistency is high in this hotel because both value statements are in congruence and both work together to achieve those statements.
Embassy Suites/Scottsdale
Heather Weber
Food Service Manager

**Purposes and Functions**

The purpose of food and beverage in this hotel is to offer a quality meal at a fair price.

The main function of food and beverage in this hotel is to be a support system to the hotel. Catering and banquets are the most important aspect of this food and beverage department.

The purpose of the organization as a whole is to make a profit.

The function of the hotel is to provide a level of service for hotel guests that makes them feel at home.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage works with the hotel in the sense that they provide a complimentary service to all guests that stay in the hotel.

**Effect of Food and Beverage on Operations**

Food and beverage is very important to the hotel, especially breakfast, because a complimentary breakfast is offered with the room package. In addition, most of the clientele are in-house guests so it is important to have another outlet to service them.

**Trends**

The food and beverage operations have changed in the last five years due to the one hundred room expansion of the hotel. There was a need for a larger breakfast room so it was moved to a different area in the hotel that could seat the larger clientele. A catering department was added to food and beverage operations. The main restaurant was bought by Embassy Suites instead of leasing it to a private party. The reasoning is that they wanted more control over the
restaurant. Finally, upgrades are being executed. For example, china is being used instead of paper plates.

**Profitability**

Food and beverage operations are productive in the sense that they are giving the guest what seems like a free breakfast.

**Standards**

The standards in the hotel are high. Right now there is a one hundred percent guest satisfaction rate for service. The service is ranked as the most important aspect of food and beverage.

**Marketing Strategies**

The main strategy used to promote food and beverage operations is advertising in the paper, on radio and on television. Promotions are also present in the rooms. This promotes the free breakfast and free cocktails.

**Management by Values**

The value statement for this hotel is to make a profit.

The strategy used to promote the value statement is to provide a service for hotel guests that makes them feel at home. A comfortable atmosphere is seen throughout the hotel and restaurants.

The value statement of food and beverage is to be a direct support to the hotel and the hotel guest.

The strategy used to promote this statement is seen in the complimentary breakfast. Also, in the sense of providing more than one outlet to service the guest.

The consistency is high between the food and beverage department and the hotel. Even though the food and beverage does not make money, it is in direct support of the hotel and the values of the hotel by providing a service to hotel guests.
San Diego Hilton
Ivan Joulain
Director of Food and Beverage

**Purposes and Functions**

The purpose of food and beverage in this hotel is to provide a service for the hotel guests and a source of income for the hotel. The hotel is a destination point and they are not close to other hotels, so the in-house food and beverage must satisfy the hotel guests.

The main function of food and beverage is to have a very high capture rate. The objectives are: to get the guest to eat breakfast each day, have dinner in each of the two restaurants and to go outside the hotel only one night.

The purpose of the hotel is to make money.

The image the hotel wants to be seen as is a family style, resort facility. The children stay for free. The average stay is about three and one half days.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage is a direct support system to the hotel's concept. Every restaurant is geared toward the family style concept. The pricing is structured so the larger family can eat and not empty their checkbook.

**Effect of Food and Beverage on Operations**

Food and beverage operations are extremely important to this hotel due to the fact that the hotel wants the guest to stay on the property and food and beverage is the number one means to accomplish this goal. Food and beverage is the primary selling point used by the sales department when trying to book rooms. They stress the importance of the food and beverage operations.
Trends

The same food and beverage director was employed for twenty years and fell behind the times. Everything was profitable for a long time because there was relatively no competition. About four years ago, a lot of quality hotels with many amenities opened in the area. The main change was that the hotel was updated to a more twentieth century hotel and the standards tightened.

The family style atmosphere was developed to a more extensive level. Service standards were strict and the quality of food was as high as possible for the lower prices. Management realized people with a large family could not afford high prices so the menu was changed to accommodate the clientele.

Profitability

Food and beverage operations are profitable, but do not make a lot of money. In the beginning of the year, profits are forecasted and hopefully, fulfilled.

Standards

There are many standards that exist in the hotel. There is a performance for excellence award and very high standards that must be followed. To ensure these standards, there is a company that enters the property unannounced, surveys the grounds, stays one night, eats in the restaurants and writes a report which is given to department heads. They are called mystery guests. Management is judged by the percentages on these reports. The reason for this service is because the industry and the people visiting the restaurants have become more critical of services and standards for these services. People want to get the most for their money and competition is fierce. The standards must be upheld. Management style is high visibility; they are to be on the floor as much as possible. For example during the peak restaurant hours, every restaurant
manager would be on the floor. This is the only way to maintain quality and keep employees motivated.

**Marketing Strategies**

Most of the strategies used to promote food and beverage operations are accomplished through in-house promotions. In addition, quality standards and service are hopefully transmitted by word of mouth, not by discounting.

Vacationers comprise most of the clientele. When the current food and beverage manager first arrived, the locals were a target. They now believe that to be a waste of money because there are too many free standing restaurants that attract the local people. In addition, there are a lot of brand new hotels that are beautiful and attract the local clientele. Locals will come for certain holidays; such as Mother's Day, Easter Sunday and so forth.

**Management by Values**

The value statement of the hotel is to make money.

The strategy used to promote the statement is to offer a product that fits in the lifestyles of the 90s. The hotel has a comfortable, family style atmosphere and offers a reasonable price. Even a family of four or five can vacation in a resort style atmosphere and not return home broke.

The value statement of food and beverage is to have a high capture rate.

The strategy used to accomplish this statement is to offer a wide variety of restaurants and pricing structures so the capture rate is as high as possible. The guest can have a different dining experience each night.

The quality of food is very important in this hotel. The guest wants to pay a reasonable price, but still wants a quality product. When this is offered, dependable repeat business and favorable word of mouth advertising is generated. This means more people will frequent the hotel and profits will increase.
The consistency is high between the food and beverage department and the hotel. The hotel has determined an image it wants the guest to experience. The restaurants supports this image in all aspects of operations.

Hyatt Regency/San Diego
Norbert Relecker
Executive Assistant Manager

**Purposes and Functions**

Food and beverage serves as a place for guests to dine without having to leave the hotel to look for other dining experiences. The resort style atmosphere allows the guest to choose from two different restaurants at two different pricing structures. This positions food and beverage as a direct support system to the hotel.

The main function of food and beverage is to offer an outstanding service at a good facility for the price. The restaurants are designed to match the image of the hotel so guests can choose the appropriate destination.

The purpose of the hotel is to make a profit.

The main function of this hotel is to be a destination property where the individual traveler or the vacationer can go into this area and enjoy a resort type hotel and enjoy the surrounding attractions like Sea World. The local clientele use the resort as a place to be close to the marina and their boats. In addition, special entertainment is offered for local clientele. Finally, it is a group destination where you can bring your group and use the catering facilities.

**Interaction of the Hotel, Gaming and Food and Beverage**

The different styles, the different outlets and the different capability of the culinary staff match the types of restaurant to the theme of the hotel and to the area surrounding the hotel. The southwestern and Mediterranean rooms and
cuisine fit the idea that the hotel is located in the Southwest and ties into the atmosphere that it is over the water.

**Effect of Food and Beverage on Operations**

Food and beverage operations are very important in the hotel due to the fact that in the current industry environment, if you do not have food and beverage, it is very difficult to sell rooms. In addition, food and beverage is sometimes seen not only as an amenity, but an amenity which brings money to the bottom line.

**Trends**

The main change that was made in the food and beverage department was a change in the price structure about a year ago. Management found that guests appreciate the value-price package. The price change was implemented because an analysis of food costs found that, in some instances, a balance was necessary with some items. Some items had a very low food cost so the price could be lowered. Another reason for the price changes was the recession and the need to meet the demands of the guest. Many companies cut expense accounts for business groups. Hyatt had to react and come toward the guest and offer them a product that was affordable. In addition, a lot of the price changes were due to demand, competition and the market in San Diego. The belief of Hyatt is not to give specials like a two for one dinner, but give a quality product at a good price accompanied by excellent service. Finally, the whole environment is controlled by what people have and can spend.

Other changes include additions to the restaurants. Patio dining is one example. This increased the seating capacity and also allowed the manager to close the other restaurants for the lunch hour. This brought overhead and payroll down considerably, but still offered the guest a desirable product. Through training, they have upgraded the level of experience and capability of the staff.
Management went to seminars to help them manage better. The hotel had what they call a face lift or updated to a newer look.

**Profitability**

Food and beverage operations in this hotel are productive. Bottom line is the determination of profit.

**Standards**

There are different standards that exist in the hotel. Hyatt as a corporation has directives given to food and beverage. Some examples are standards of superior service achieved by extensive training and upgrading. One standard used in hiring the service personnel is to decide if this person could be perceived as a guest in the hotel. Therefore, the personality needs to match the concept of the hotel. For example, a server in the Mediterranean room, which is over the water in a relaxed, casual atmosphere, can not have a stiff French service style.

**Marketing Strategies**

Most of the strategies to promote food and beverage operations from the in-house side are through letters, fliers and posters in the hotel. For the local clientele, they have worked with mailers and with the local radio station. They promote a jazz concert in the restaurant which is starting to develop a following. In the summer, there has been success with small music events on the water. This musical style of promotion is due to the trends in the San Diego area to listen to good music in a relaxed atmosphere. Another objective of the concerts was to get people familiar with the hotel and increase business.
Management by Values

The value statement of this hotel is to make a profit.

The main strategies used to accomplish this statement are to be a destination property where the guest never has to leave the property, a place where locals can be close to the marina and to provide a catering and banquet facility.

The value statement of food and beverage is to provide a variety of outlets so the guest will not need to venture out of the hotel. This allows the department to achieve the highest profit possible.

The strategy used is to offer outstanding service at a good facility for a reasonable price. The package achieves a favorable image that generates dependable repeat business.

The food and beverage department is consistent with the value statement of the hotel in the sense that it is a support system to the hotel guest.

Embassy Suites/ San Diego
John Vingas
General Manager of the Coast Cafe

purposes and Functions

The purpose of food and beverage in this hotel is to provide the guests with amenity services, room service, a restaurant, alcoholic beverages and meeting services.

The function of food and beverage is to be a hotel restaurant. The niche they have found is to be extremely successful on major events like Mother’s Day, Easter, Thanksgiving and many more. People will go out of their way to come to this restaurant for these events. The other days of the years they are basically a hotel restaurant. Eighty-five to ninety percent of the lunch clientele comes from outside the hotel with the remainder from in-house guests. Ninety-five percent of
dinner business is done through hotel guests. An effort to get locals was made, but the restaurant was not big enough to accommodate the extra guests.

Because this is a lease situation, not much was mentioned about the hotel's purpose and functions, although profit is the main purpose of the organization.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage in this hotel is leased so they act as a hotel tenant. They also try their hardest to function as the food and beverage arm of the hotel. At the present time this food and beverage operation is working well in a leased situation because the hotel treats them as an important entity and in return the food and beverage director goes to all hotel meetings and complies with standards set by the hotel.

The current lease situation is tiered, based on sales. They pay a fixed percentage for overhead on a monthly basis. A disadvantage of the leasing structure is that the food and beverage operations need to adhere to the Embassy Suites standards. That costs money and the more standards they make, the more money it costs. In addition, food and beverage must provide complimentary services to the hotel. An example is a free breakfast with a two-day stay. Food and beverage is not compensated for their time and expense. The problem lies in the idea that food and beverage needs to maintain Embassy Suites standards and still be profitable.

**Effect of Food and Beverage on Operations**

Food and beverage is very important to this hotel. Food and beverage is a direct support to the hotel. It supplies the hotel with the services needed.

**Trends**

Operations have changed in the sense that they have been striving to become the budget-conscious leader. Price-value oriented meals and a pasta bar has helped instill this concept. The menu is going to be revised in March to
lower prices and lighten up the menu to reflect a more California type of cuisine. They will be looking to make money in the catering outlet and attract people to the bar through promotions. Consequently, people will see the lower menu prices and be attracted to the restaurant. The final result will hopefully be to increase volume in the restaurant, increase volume of alcohol sales and increase exposure in the catering/meeting functions.

In the future, they are building a wind wall outside so there will be eighty-eight more seats, patio dining, and the ability to put entertainment outside. Bar promotions as well as catered functions outside will also be incorporated into the strategy of the restaurant. This extra space will give them the ability to compete with other operations.

**Profitability**

In this property, consistency is the main source of profitability. For example, the staff has not turned over. Bottom line, they are running right around break-even. Success in the future will be dependent primarily on the expansion of the catering department, the group room contribution and the success of the wind wall.

**Standards**

The standards in the restaurant far exceed Embassy Suites standards. The image is that of a casual dining spot that offers consistent American cuisine. They hire a lot of college students to work a few days so when they are there they are working and are happy. Consistency is the key to the restaurant. When the people come to dine they know what to expect.

**Marketing Strategies**

The marketing strategy is based on the new wall being built and the increase in catering functions.
Management by Values

The value statement of the hotel is to make a profit.

This property is different than the others since the restaurant is leased. There was not much information about the hotel. Through other interviews, this company is known as a family style hotel and comfort is prominent.

The value statement of food and beverage operations is to provide the guests with amenity services, room service, a restaurant, alcoholic beverages and meeting services.

The strategy used to accomplish this statement is to be a hotel restaurant and catering service for hotel guests. Most of the clientele is in-house, but this is changing to increase profitability in food and beverage operations.

Even though food and beverage and the hotel are not owned by the same company, they must work together to make a profit. Food and beverage must understand the hotel end of operations and the hotel must understand food and beverage. This is sometimes difficult in a lease situation because of differing viewpoints and standards set by each party.

So far the consistency seems high in this hotel due to the high level of communication and understanding between the hotel and food and beverage. Food and beverage services the hotel guest and the hotel allows food and beverage to make necessary changes to attract a local clientele.
Reno Hilton
John A. Armentrout
Vice-President of Food and Beverage

**Purposes and Functions**

The main purpose of food and beverage in this hotel is actually multipurpose. It provides a service to casino players, a vehicle to attract local people to the property and a banquet facility.

The function of food and beverage at the current time is to selectively reduce profitability with the objective of building an increased customer base. Once this is accomplished, operators will go back and examine the profitability aspect.

The purpose of the hotel is to make money. The image presented by the hotel is fun, affordable, exciting and entertaining.

The functions of the hotel are to see that the image presented is what the guest expects and wants.

**Interaction of the Hotel, Gaming and Food and Beverage**

At the present time food and beverage is in a state of renovation. Hilton recently bought the property and is changing the structure to fit their niche. A total renovation is in order for all restaurants and bars. The quality and image must be brought up to Hilton standards.

Food and beverage fits into the scheme of the hotel through a total property image. Gaming and food and beverage must work together and complement each other. The hotel can not have a brand new casino with the latest technology and be serving menus in an environment that is fifteen years old.

Currently, food and beverage supports gaming in the sense that it must take care of the players. They have not yet been able to attract a business that will come in and eat and also gamble. This image is trying to be changed to more of a hook for the property or an attraction to bring people in the property. They
want the person to be attracted to the hotel through food and beverage, come in and eat and then go out and spend time in the casino.

**Effect of Food and Beverage on Operations**

Food and beverage is very important to the hotel in the sense that it will establish a reputation for the hotel, but gaming and room rentals will make the money.

Banquets are very important to food and beverage in this hotel. The conventioneer has a more liberal allowance and, in the gaming hotels, food outlets may be losing money by pricing them below or in line with the competition. This is where banquets come into play. They try to capture the conventioneer who will pay the higher price. Therefore, banquets are very profitable in this hotel.

**Trends**

Trends anticipated over the next few years will be incorporated into the structure of this hotel. The food and beverage director believes that in the next few years the trends are going to be more toward entertainment. Anyone can go out to a number of places and get a decent meal in a clean pleasant environment, but people want to have fun and be entertained when they eat. That means doing some theming and matching the theme with the product, the service and the methods of the business.

Many changes are on the drawing board for this property. All restaurants are being enlarged to accommodate more covers. They had a 100 seat continental French restaurant which closed in 1988, a 280 seat buffet, an 80 seat light seafood restaurant, a 350 seat coffee shop, a 220 seat Steak House and a 120 seat Oriental/Italian combination. The buffet is being increased to 500 seats, the coffee shop to 400 seats, the Steak House to 200 seats, the Italian/Oriental to 250 seats and they are adding a 150 seat Country Western style place.
Profitability

Food and beverage operations are productive in this hotel by looking at the bottom-line figures. Not all the outlets are productive, but others make up for the losses. The reason for the losses in, for example, the buffet, is the low price structure and the high level of competition in the area. There are other factors that help make up for the losses in some restaurants. The systems are examined, the redundancy in positions are examined, the menu specifications and the waste factor is examined to trim operations without losing clientele.

Standards

The food and beverage operations in this hotel is filled with standards from a hamburger patty weighing eight ounces to changing an ash try if there are two butts present. There are books and volumes on standards for this hotel. It is the job of the managers to see they are followed.

Marketing Strategies

The marketing strategy for the food and beverage is varied. For the renovations, operations surveyed the guests for about three months to determine what they wanted to see. Both in-house guests and locals were surveyed. The responses were compiled and plans designed around them. In addition, most marketing strategies are designed more toward the slot player or the five dollar a hand table player instead of the high roller who might bet one thousand a hand. The low player is the clientele operations is looking for to fill that void of the almost extinct high roller.

At the present time, they are not in the position to put themselves in a promotions mode due to the many changes ahead. The main strategy being studied presently is the reduction of costs and expenses so profitability can be increased. They will not be able to get into a promotional type mode until food and beverage is planned and positioned correctly. At that time, emphasis will be
placed on promotions in the food and beverage to the local people in order to build a clientele through the reputation of the food and beverage outlets.

As for in-house guests, the location is out of the way and it would be hard for people to leave the hotel unless they had a car. Therefore, there is not much need for in-house promotions.

At the present time most of the food and beverage outlets are visited by locals, although they comprise only about twenty percent of the dining counts. They are putting a strategy together to make the percentage 50%/50%. People in Reno have a minimal gaming budget, but they come consistently and convey word of mouth to friends in Reno and friends traveling from outside the state. In the mind of the food and beverage director, locals are the answer to a lot of the problems with reputation. In addition, if they can win the locals in the food and beverage market, they believe it will cause an increase in all other segments of the hotel.

Management by Values

The value statement for the hotel is to make money.

The main strategy used to promote this idea is to present an image that is fun, affordable, exciting and entertaining. This idea captures the clientele of the 90s. The crux of the vacationers is that they want a new experience that keeps them entertained, but one that will fit their budget. This strategy will attract people to the hotel and to gamble in the hotel.

The value statement of food and beverage operations is multipurpose. Food and beverage is a service to casino players, a vehicle to attract local people to the hotel, and a banquet facility.

Food and beverage is used as a tool to service casino players and is being changed into a way to attract people to the hotel so they will eat and enjoy the restaurant and venture into the casino. Gaming and food and beverage work to-
gether to achieve the image determined in the value statement by the hotel. The casino is being updated to the latest technology as well as making menu changes in the restaurants.

Food and beverage is also being used as a way to establish a reputation for the hotel. If a favorable reputation is established, more people will frequent the hotel and visit the gaming facilities.

Pricing is another strategy used to capture the public. Unfortunately, this low pricing structure may be causing losses for food and beverage. The banquet facility strategy is to make money so the overall food and beverage operation is profitable. Pricing is normal for this type of clientele because they are usually on a predetermined budget and can pay the suggested prices.

Together, gaming and food and beverage provide a fun, exciting, entertaining and affordable outlet for the guest to enjoy. The consistency between divisions is high and each department works with the other departments to achieve the overall value statement, profitability.

Flamingo Hilton/Reno
Sam Pappas
Director of Food and Beverage

**Purposes and Functions**

The purpose of food and beverage in this hotel is to keep the guest in the hotel so they will gamble in the casino.

The main functions of food and beverage are to offer the guest a wide variety of restaurants with extensive menu selection. In addition, profit is a key function to this operation.

The purpose of the hotel is to make money.

The main function of the hotel is to support gaming operations in the sense that if guests have bad experiences, they might not come back to gamble.
Interaction of the Hotel, Gaming and Food and Beverage

Food and beverage interact with the hotel and gaming in the sense that they provide a reputable service that keeps the guest in the hotel so they will spend their leisure time in the casino.

Effect of Food and Beverage on Operations

Food and beverage operations are very important to this hotel because they provide a service to the customer, a means to keep the people in the hotel to gamble and an income. Times are changing and the big money or high roller in the casino is not seen as much as in the past, therefore a new clientele must be brought in through some other outlet. In addition, twenty years ago, food costs were extremely low and food and beverage did not have as many worries. With changing times, overhead, labor and food cost have tripled or even quadrupled and competition has become fierce. Therefore food and beverage has had to turn into an important profit center to the hotel in an environment that makes this much more difficult than it ever was.

Trends

Many changes have taken place in the food and beverage operations in the last three years. Lighter foods like fish and chicken have been added to the menu. The atmosphere has become more friendly because there is heavy emphasis on the employee being happy. The quality of food is at a higher standard. Different beliefs were implemented as well as updated surroundings. In the past, the food and beverage operations were not profitable. Now through these changes, they have become very profitable. Because most of the changes were built on different philosophies, little cash was needed. The belief is that any property can be profitable if they have the right people, the right ideas and upper management has the faith in lower management to let them implement their
ideas. Many food and beverage operations are not profitable because they are not given the opportunity and poor management is present.

**Profitability**

The food and beverage operations in this hotel are productive because they look at the bottom-line. They break about even on complimentary items because the hotel does not issue very many. Some primary reasons they are productive is through the examination of labor, food costs, preparation and purchasing of food and the employees care about their jobs. In addition, the local clientele supplements times of low occupancy.

**Standards**

The primary standard upheld in this hotel is a high quality of service. Along with that, presentation, friendliness and teamwork complement operations. Management has a goal to keep the employees happy which, in turn, makes their customers happy. In addition, everyone in the establishment looks for problem areas and tries to solve those problems. The Hilton name and these standards set a reputation for the hotel to uphold.

**Marketing Strategies**

Good food and great service is the main strategy used to promote food and beverage. This strategy promotes word of mouth advertising which is really the best type. They also do some advertising of restaurants. The clientele is roughly 70% in-house guests and 30% locals. The locals are attracted through specials with the accompaniment of good food and good service.

**Management by Values**

The value statement of this hotel is to make money. The main strategy used to promote this statement is to provide a support system for gaming operations so the gaming guest never has a bad experience
in the hotel. This is accomplished by offering a superior variety of services to the
guest so the guest will not venture out of the hotel.

The value statement of food and beverage is to keep the guest in the hotel
so the guest will gamble.

Food and beverage is a direct support to gaming operations by keeping the
guest in the hotel through the use of restaurants. This is accomplished by offer­
ing the guest a wide variety of restaurants with extensive menu selection at a
good price. The product supplied to the guest is at the highest quality for the
price. High service standards accompany the product to offer a total experience.
Therefore, it would be hard for a guest to leave the hotel and visit another hotel
for the same service.

Service is a very important strategy used to promote repeat business. The
employees are the key to happy guests. Time and energy is spent on
employees and ways to keep employees happy. This creates a stable reputation
for the restaurants and provides a good experience for the guest. This good
experience creates word of mouth advertising which this hotel believes is the
best type. More people frequent the restaurant and will hopefully venture into the
casino and gamble. This is primarily where the profit is made.

Harrahs/Reno
David Brody
Director of Food and Beverage

**Purpose and Functions**

The purpose of food and beverage in this hotel is to supplement the gaming
guests. The varied products supplied by food and beverage are focused more
toward the gaming clientele.

The main function of food and beverage is to provide a varied service to the
gaming customer so they will not venture out of the hotel. In addition, the opera-
tion must enhance the this person's experience while at the same time run the operation more efficiently.

The purpose of the hotel is to make a profit. The company is very profitable and uses the bottom-line as a measure. All the production in this facility is focused on the gaming customer.

The main function of the hotel is to focus on service. Harrah's logo is the better people place.

**Interaction of the Hotel, Gaming and Food and Beverage**

Food and beverage is a direct support to gaming. Food and beverage operations are changed to fit the needs of the gaming clientele. In addition, food and beverage adds the link to make the hotel a full-service hotel so people will not venture to other properties.

**Effect of Food and Beverage on Operations**

Food and beverage operations are extremely important to the hotel due to changing consumer wants. Research has determined that people are not so willing to stay in smaller hotels and motels and travel to the big casinos. They prefer to stay in a full-service venue that offers a good product at the right price. There is other research that shows that, if people eat in the establishment, they will probably stay and gamble in the casino. Therefore, the hotel does not want the gaming guest to ever leave the establishment. The importance of the food and beverage department is to offer several food & beverage outlets in order to satisfy all needs and make it easy for the guests to remain in the hotel.

**Trends**

This hotel believes that the times and the type of clientele are changing. For example, in the gaming structure a restaurant is thought of as a necessity instead of an enjoyment or entertainment that the non-gaming hotels provide.
As the clientele has changed, they have become more diverse in how they fill that need. Sometimes a hot dog is fine where sometimes they want to sit down and have a six course dinner. This is largely due to the change in the gaming customer. There are not as many high rollers who were generally seen as older, white, affluent, knowledgeable males.

The market is changing toward a tremendous use of slots. Due to the proximity to the pacific northwest, there is a large influx of Asians. This clientele is totally different from the average slot player. They want to eat as cheaply as possible and place their money into gaming. In addition, they want to have as little contact with the English language as possible. The buffet has been totally changed to fit their needs. A new seating system and payment system is in effect and a self serve beverage bar has been added to the buffet. Therefore, contact with an English speaking person is limited. The only problem is to insure that the hostesses are trained properly, since they are the only liaison with the guest.

Because of the changing consumer, food and beverage has had to change to fit the needs of the guest. For example, an oriental style menu was added to the coffee shop menu. Over the last four years the percent of volume in this outlet has grown from 15.4% to 21.0%. Another change is in the showroom. A few years ago a stuffy fish house with high food costs was changed into an Italian, open-style kitchen restaurant/cafe with a much lower food cost. The final product presented the fast, nutritious, cheap style of cuisine that the gambler wanted. This concept is still in the change stage and some problems have been found. Management was looking for a more casual style, but perhaps became overly casual for the older clientele. A fine dining experience was offered with a show. This was a huge money maker for food and beverage, but added to overall overhead costs. In addition, the guest stayed out of the casino for a longer period of time. The decision was that this was not an amenity that satis-
factorily supported gaming. People were more than happy to go to a buffet as opposed to paying thirty dollars for a fine dining meal. The philosophy was that, instead of F&B profits, they would rather have the profit at the slots or tables because of the larger margin. Unfortunately, that was a two million dollar change to the food and beverage bottom-line in order to support gaming.

The banquet facility is very profitable, but weekend functions are not possible due to inadequate parking facilities. There is not enough to support both banquet and gaming customers so banquets are kept at a minimum due to the reduced return from a catering guest, as compared to a gaming customer.

Profitability

Food and beverage are not productive in this hotel based on the bottom-line. Food and beverage is used as a loss leader to support the gaming end of operations. The operation is budgeted to lose money. The goal or the focus is to become more efficient. Food costs and labor costs were monitored and cut in particular areas. The pricing structure was changed. New products were introduced. Through this effort, the food and beverage operations have saved eight hundred thousand dollars from the previous year. On the other hand, the Tahoe property uses the same purveyors and has the same costs, but the check average is eighty percent higher because their market will support higher prices. In the Reno market, there is much more competition and prices must be competitive. This property charges premium prices, but they are not enough to make a profit.

Standards

This property is a four star dining property so there are standards, dictated by the Mobil Company, that must be upheld to keep this rating. Internally, there are both service and product standards that are specific by outlet.
Marketing Strategies

Most of the marketing strategies are based on in-house formats. Food and beverage operations are promoted mainly through the rooms, p.a. systems and posters throughout the hotel. Very little advertising is done outside the hotel.

The clientele, for the most part, consists of in-house guests. The gourmet steak house is frequented by the local clientele due to the reputation of the lunch business. The reason for low local patronage is due to the marketing strategy of the food and beverage department. This strategy was determined on the idea that most people who live in the Reno area do not spend much money on gambling. Most of the locals want to come in and get the best deal, but they do not want to go sit at a craps table, a twenty-one table or a slot machine and play a significant amount of money.

Management by Values

The value statement of the hotel is to make a profit.

The main strategy used in this operation is to focus all efforts at the gaming clientele and to give that person superior service. This is seen in their motto: The Better Service People.

The hotel is a full-service hotel that offers a good product at the right price. This strategy entraps the guest in the hotel by offering a myriad of amenities and services for the guest to enjoy. Therefore, the guest will not have to look outside for anything. Consequently, the guest will be more inclined to stay where they feel comfortable and gamble at that establishment.

The value statement of food and beverage operations is to be a supplement to gaming guests.

The main strategy used to promote this statement is that food and beverage offers a varied service to the gaming guest so they will not venture out of the ho-
Research states that if people eat in the establishment, they will more than likely gamble in the casino.

Food and beverage is developed and changed to fit the needs of the gaming clientele. Many different restaurants with different marketing structures are presented so the guest can choose which is the best for his situation.

Service standards are the final link for the food and beverage operations. Even if a hotel offers a superior product, people might not return if service standards are low. Service standards are upheld by the four star rating system dictated by the Mobil Company. Therefore, superior service accompanied by a quality product and a varied product is the key to generating successful repeat business in this hotel.

The consistency between departments in this hotel is high. Every outlet is in business to support the gaming end of operations. Each outlet has defined procedures to fulfill their obligations to the value statement of the hotel.

Hyatt Regency/Lake Tahoe

Dan Knox

Assistant Food and Beverage Director

Purposes and Functions

The purpose of food and beverage in this hotel is varied. The hotel believes it to be an amenity to guests due to the proximity to the beach. Gaming believes it is an outlet for its gaming clientele. Food and beverage believes it is a money making operation.

One of the main functions of food and beverage is to be a direct support to the gaming clientele. Tables are reserved each night for this purpose. Another function food and beverage provides for gaming is the idea that when a person eats a complimentary meal in a restaurant, the guest feels a compensation for a
loss in the casino. This allows the gaming guest to feel more satisfied and return to the table instead of leaving the hotel.

The purpose of the hotel is to make money.

The function of the hotel is to be a destination resort and casino. The guest can vacation at the property and never have to leave.

**Interaction of the Hotel, Gaming and Food and Beverage**

Gaming and food and beverage work closely together to provide an experience for the gaming clientele. When visiting the restaurant, the guest is escorted into the restaurant through a special door so that no waiting is necessary and is treated at a superior level whether it be quality of food or service.

Banquets are another outlet that gaming uses extensively. Four major parties a year are thrown for the casino's top players. Food and beverage is given an allotted amount of money to provide the most extravagant affair possible.

**Effect of Food and Beverage on Operations**

Food and beverage is a vital part of the hotel. Food and beverage is the link that make this hotel a destination resort and casino. The guest can visit and never have to leave.

**Trends**

In the past three years, many changes have occurred. The coffee shop was completely renovated with a decor change. The service style changed and equipment was brought up to a higher standard. Since these changes, the volume has doubled. In addition, the prices are not as low compared to most gaming establishments due to the low level of competition. Most of the casinos are twenty minutes away. Another factor is that most of the out of town clientele is from the San Francisco Bay area where prices are high. Even though the prices are high for a casino hotel, they are cheap for that consumer. For example, they can get $7.95 for a breakfast buffet, where in Reno, similar buffets cost only
$3.25. Overall, the hotel is a lot cleaner. Most food outlets have added a cuisine natural that has a low sodium, low cholesterol content.

**Profitability**

Food and beverage operations are very productive in this hotel although they were not in the past.

**Standards**

Hyatt hotels have forty food standards and thirty beverage standards. Food and beverage implements these standards fully.

**Marketing Strategies**

Many strategies are used to promote food and beverage operations. The most prominent strategy used is high volume at a good price. Due to low competition and superb quality, they can charge higher prices than can most casino hotels. The problem lies in that they can not market extensively to locals because the facility will not allow a higher volume than the present.

October, November, February, March and April are down months in the hotel. To stay profitable, they market to the locals through bus tours and promotions.

Last year there was a chili and rib festival that was reasonably priced, but accomplished the goal of capturing gaming customers.

Another promotion through food and beverage is the wine maker of the month. The first Friday of every month, a different wine maker offers a wine tasting of their product to the public. This wine becomes the house wine for the month. The cost to operations is virtually nonexistent, but the benefit is exposure to food and beverage operations, the hotel and the casino.

**Management by Values**

The value statement of the hotel is to make money.
The main strategy used to promote this statement is to provide a destination resort hotel and casino where the guest can vacation and never have to leave.

The value statement of the food and beverage department is threefold. First, the hotel believes it is an amenity to the guests. Second, gaming believes it is an outlet for its gaming clientele. Finally, food and beverage believes they are a money making operation.

Several strategies help this operation achieve the value statement. Food and beverage is the link that makes the hotel a complete destination resort. Food and beverage is seen as an amenity due to the proximity to the water. The atmosphere is relaxing and the service is outstanding. Restaurants are built around this image of luxury and pleasure. This concept makes it difficult for the guest to leave the property.

Food and beverage is a direct support to gaming operations. Tables in each restaurant are reserved every night for this type of clientele. Banquets are used extensively by the gaming clientele for large parties like New Years Eve and Super bowl. The main idea food and beverage wants to convey to this guest is to increase the perception of gaming. The guest feels he has been treated properly and compensated for a need and he does not feel so bad about losing. Consequently, he will return to the casino.

Each restaurant is thought of as a free standing restaurant and is treated in that manner. Quality food, a price/value concept and an extensive menu selection are the keys to generating dependable repeat business. This is how this hotel stays profitable.

In this hotel, the restaurant is very important because three value statements exist. The consistency between the three is at a very high level. Food and beverage is in direct support of the hotel, the casino and itself.
Discussion

Gaming Hotel Restaurants

In every gaming hotel, gaming is the main source of income for the hotel. In every gaming hotel, the value statement for the hotel is to make a profit. Therefore, all operations must be in complete support of gaming operations even if certain food and beverage outlets within the department do not make money.

This is the case in most gaming food and beverage operations used to support the casino clientele. The outlets that they must have for this clientele, for example, a coffee shop and buffet, usually run at a loss and other areas like specialty restaurants and banquets make up for the losses. If specialty restaurants can attract enough locals, they make money to contribute to the overall profit. Banquets can charge healthy rates since they have mostly a corporate clientele. In most of the gaming hotels, catering is the only type of food and beverage activity that consistently generates a profit.

Each hotel chooses their niche, and markets the hotel and restaurant accordingly. The main goal of the gaming hotel is to keep people in the hotel so they will gamble. All operations are geared to this concept. In a gaming hotel it is feasible to keep a person in the hotel for the entire stay because the amenities are comprehensive. But, with all the other attractions in the city it is not realistic that a person will stay the entire time in one hotel. This will become especially hard in Las Vegas in the next few years with three new theme hotels opening on the strip. People will want to see all the attractions and will not be confined to one hotel.

Overall, most of the gaming hotels believe offering a good product at a low price accompanied with excellent service is the key to keeping people in the hotel. In addition, gaming hotel restaurants as compared to non-gaming hotel restaurants typically offer a much broader variety of dining experiences. In all hotels
studied, every gaming hotel offered more than five foodservice outlets. With this many outlets available, food and beverage has a difficult task in keeping each outlet productive. The objective, however, of keeping the gaming guest in the hotel is fulfilled. This occupancy contributes more profit to the hotel than food and beverage could even during the most profitable periods.

Price is the determining factor of success and repeat business in all gaming hotel food and beverage operations except one hotel. This hotel is located next to a convention center. The clientele are the people who attend the conventions. This type of guest has an expense allowance and can afford the higher priced selections if quality is high.

The guest all gaming hotels, except one hotel, market food and beverage operations towards is the in-house guest. Food and beverage is designed to keep this person in the hotel so they will eat and gamble in the hotel. The one exception tries to pull people from other hotels through an attractive marketing strategy of food and beverage operations. They believe people in the hotel will eat there through in-house promotions so they are trying to establish another customer base from outside the hotel.

All gaming hotels except two hotels believe accessibility has a major influence on the success or failure of their restaurants. Easy access and parking to the hotel is a major factor for some hotels. Locals are not willing to fight traffic on the Strip in Las Vegas or Downtown in Reno. This is the primary reason most gaming hotels market food and beverage operations to in-house guests instead of locals. Other gaming hotels that are the exception are off the Strip or further away from downtown do not have the problem of accessibility.

Gaming hotel food and beverage operations are split on whether patronage is based on reputation. Some hotels are looking to build a return customer base
through reputation of guests and service to gaming clientele and others use restaurants solely as support to the gaming end of operations.

Most of the gaming hotel food and beverage operations believe menu selection is not a basis for patronage. People visit the hotel to gamble and to eat inexpensive food. It is an integral part of the food and beverage department to provide a variety of food for that guest.

All of the gaming hotel food and beverage operations except one hotel have changed their food and beverage operations in the past five years due to changing trends in the economy. Hotels are constantly changing operations to support the needs of the gaming guest. They are also trying to find ways to decrease expenses so prices can be lowered while still offering a quality product. The one operation that has not changed operations is The Reno Hilton. The Hilton Corporations just bought this hotel and the hotel is in a state of renovation.

**Non-gaming Hotel Restaurants**

In every non-gaming hotel, room rental is the main source of income for the hotel. In every hotel, the value statement for the hotel is to make a profit. Therefore, all operations must be in complete support of the room rental division.

In every hotel, food and beverage operations make a profit and contribute to the overall profit of the hotel. Non-gaming food and beverage operations have fewer restaurant outlets than gaming. All non-gaming hotels interviewed have either two or three food outlets as compared to five in gaming hotels. There is no need for so many outlets because there are not as many rooms in the non-gaming hotels. Every non-gaming hotel has a mid-scale restaurant and most have either a coffee shop or a fine dining restaurant depending on the clientele of the hotel.

Like gaming, each hotel chooses a niche and markets the hotel and restaurant to that area. The main goal of the non-gaming hotel is to create an atmos-
phere so the guest will not leave the hotel. Some of the hotels are resort hotels so the idea of keeping the guest in the hotel for the entire stay is feasible. At hotels that are not resort hotels, it is much harder to keep people in the hotel because they will become bored and want to try different experiences. The Embassy Suites Hotel is an example of a hotel with no resort atmosphere. At both of these hotels, food and beverage outlets were limited and people would be more likely to venture out of the hotel to another outlet.

The concept of most non-gaming food and beverage operations is to offer superior service and good product at a price their clientele can afford. They also try to offer a varied menu so people have a wider selection of food. The mid-scale restaurant accomplishes this goal. The more times the guest visits the restaurant, the more profit food and beverage can add to the bottom-line.

Price is the determining factor of success and repeat business in all non-gaming hotel food and beverage operations. The price must match the value the guest feels he is receiving from the dining experience. Some restaurants can charge a higher price, but higher service and product standards must accompany this charge.

The primary guest all gaming hotels, except one hotel, are marketing food and beverage operations toward is the in-house guest. Food and beverage is designed to keep this person in the hotel so they will eat in the restaurants and not leave the hotel. The hotel that is the one exception is trying to establish an extended customer base through the local clientele. They believe people in the hotel will eat there through in-house promotions so they are trying to establish another customer base from outside the hotel.

All non-gaming hotels except one hotel believe accessibility has a major influence on the success or failure of their restaurants. It is necessary that the guest or local clientele have easy access to the restaurant so they do not ven-
ture out of the hotel to another property. Guests must be made aware of the restaurants in the hotel and how to find the restaurants from their rooms. The one exception believes the key factors to a successful restaurant are price, menu selection and reputation.

Non-gaming hotel food and beverage operations believe reputation is a basis for patronage in the restaurant, except one hotel. Reputation keeps people returning to the hotel and creates favorable word of mouth advertising.

Non-gaming hotel food and beverage operations are split on whether menu selection is a basis for patronage. Some believe it is a necessity because the wide variety of food will keep people interested in the restaurant. Others believe it is the duty of food and beverage to provide a variety of food for the guest to choose.

All of the non-gaming hotel food and beverage operations have changed their food and beverage operations in the past five years due to changing trends in the economy. Non-gaming hotel restaurants have to consistently update operations to fill the needs of the guest and look for ways to keep the guest interested in the restaurants while keeping costs as low as possible.

Comparison of Gaming and Non-Gaming Hotel Restaurants

Both gaming and non-gaming have relatively the same values and norms of making a profit and utilizing food and beverage as a vehicle to keep the guest in the hotel. The difference is that gaming hotels use food and beverage as a way to make an increased profit in gaming and non-gaming uses food and beverage as its own profit center. The main difference lies in the pricing structure of the two types of hotels. Most of the time in gaming hotels, the food and beverage department does not need to make as much of a profit in food and beverage as a non-gaming hotel due to the income made in gaming operations. Therefore, both
types of hotels support the value statement and use strategies to accomplish the statement, but they accomplish the statements in a different fashion.

**Hypothesis**

The hypothesis: there will be more inconsistency in gaming property restaurants than non-gaming restaurants due to the approach gaming restaurants implement is false. Gaming hotels have implemented well defined strategies to make profit. Restaurants also have well defined strategies that support the gaming end of operations to achieve the overall value statement of profit. Even though some of the restaurants in gaming hotels do not make money, in a sense they are still seen as profitable because without the restaurant, gaming would not have the ability to produce high profits.

**Summary**

For every hotel, the hotel exists to make a profit. This is not news to the business world. There is no reason for an organization to exist except to make a profit. The generalization is that different properties make a profit through strategies determined by the niche marketing decides is best suited for the hotel.

Most hotels believe food and beverage operations exist to provide a comprehensive service to hotel guests. This service differs in each hotel and is consistently based on profit. The hotel uses strategies to increase occupancy. Food and beverage uses strategies to keep the guest in the hotel so money can be generated by the guest. Both outlets work together to achieve a common goal.

Each hotel determines its niche and develops marketing strategies to entice that type of person into the hotel. Food and beverage operations is a vital part of the marketing strategy in the hotel. Food and beverage is used as a support system for other operations in the hotel. Food and beverage is marketed toward the concept of the hotel and each restaurant is structured to compliment the concept
of the hotel. These strategies are used to lure the guest into the restaurants. Therefore, the guest is more likely to stay in the hotel and spend money.

The goal of almost every hotel is to be profitable in food and beverage operations. The exception is Harrahs. Both Harrahs hotels run as a loss leader in the food and beverage department. They use food and beverage as a support to gaming operations. Most of the other hotels claim to break-even or make a profit. In each hotel, not all outlets are profitable. For example, room service is a necessity for most hotels but it does not generate a profit. Room service is used as an amenity. For most hotels, the outlet that makes the largest profit is the catering and banquet department. The end result is profitability in the food and beverage department.

Profitability is measured differently in each hotel. Some use a profit/loss statement, some look at the bottom-line and some use intangibles like high service standards as measures of profitability. The determination is made by upper management.

Profitability in gaming food and beverage operations is determined by upper management and conditions in and around the hotel. Some operations could be profitable, but upper management has mandated that food and beverage must be a direct support to gaming operations. For example, tables in restaurants are held each night for the gaming guest that may never come. This is translated to lost revenue in the food and beverage department. Another example of conditions in the hotel effecting profitability is seen at Harrahs in Las Vegas. The property is very old and the kitchens have never been updated. Each restaurant has its own kitchen and workers that produce the product. In the newer hotels, there is one central kitchen that produces for all the restaurants. Many costs like labor and food costs are cut to a minimum in this situation. The age of Harrahs is one of the main reasons food and beverage does not run a profit.
Competition is another key factor to profitability. The reason the Hyatt in Incline Village is so profitable in food and beverage operations is that there is no other casino hotel in the area. Restaurants in the Hyatt can charge premium prices and still be less expensive than restaurants in the area. On the other hand, Harrahs in Reno has intense competition to the extreme that upper management allows the department to run as a loss leader in support of gaming operations. Management believes all attention should be focused on gaming operations because they are so much more profitable than any other outlet in the hotel.

Each hotel is in business to make a profit. Each hotel has different strategies used to achieve the value statement of the hotel. Each hotel offers a variety of amenities and services used to please the guest. Each hotel has different circumstances that allow them to achieve profitability. Virtually, every hotel is the same. The difference lies in the techniques used to achieve management's idea of a profitable hotel.
Summary and Conclusions

The purpose of this research was to determine if gaming hotel food and beverage operations should reevaluate operations and follow the trend non-gaming hotel food and beverage operations have established. Management by Values was the technique used to determine that gaming hotel food and beverage operations do not need to reevaluate operations.

One major conclusion which can be made from this research is that the level of consistency in gaming food and beverage operations is high. This means all operations are working together to obtain common goals established by the hotel.

The main goal of gaming hotels is to make money. Gaming is by far the most profitable outlet in each hotel. Therefore, all other outlets work to promote the gaming end of operations.

Another major conclusion which can be made is that gaming food and beverage operations do not have to make money to be considered adequate. Food and beverage is used as a support system to enhance gaming operations. Even though most food and beverage operations are breaking even or losing money, food and beverage is still considered profitable in the sense that they are fulfilling the obligation to be a support system to gaming operations. This generates more profits for gaming which achieves the value statement of the hotel, profitability.

Along with the statement that most gaming food and beverage operations are losing money, there are the gaming operations that are making money. The determination of profitability is the bottom line in these companies. Hyatt in In-
cline Village is extremely profitable due primarily to the location of the hotel. There is no competition in the area. Therefore, the food and beverage department does not have to heavily discount their food and beverage operations. Most of the clientele is from the San Francisco bay area and prices are high in that area. Even the semi-discounted products are appealing to this clientele. In addition, tourists visit the city all year so the customer base is substantial. Another example is the Las Vegas Hilton. Food and beverage is its own profit center and runs food and beverage operations accordingly. Since their primary clientele is the convention visitor, during periods of no conventions, food and beverage minimizes expenses by closing operations and catering to in-house guests.

Most changes in gaming hotel food and beverage operations have been made to accommodate the changing gaming clientele. The clientele is changing from the high roller to the slot player and this new clientele has different wants and needs. Food and beverage is changing operations to make this type of clientele feel the proper compensation. For example, the high roller who lost a lot of money demanded a considerable compensation for the loss. A complimentary dinner in the finest restaurant in the establishment would be satisfactory. The slot player is not spending as much money, but is frequenting the casino on a regular basis. Therefore, the compensation is smaller, but more often. A complimentary buffet given would be a satisfactory example.

**Suggestions for Future Research**

Even though most food and beverage directors state that food and beverage operations in the hotel are profitable, the analyst must breakdown the different departments to examine where the main source of money is being made. Most of the time the operations that are in direct support of gaming operations are running at a loss and another outlet in food and beverage is making up the defi-
ciency. For example, cheap specials in the dining areas are not allowing the outlets to make a profit, but aggressively priced catering and banquet areas are making enough to show an overall profit in the food and beverage department. To get a better idea of how gaming food and beverage operations are run, a study on profitability of each outlet in the department must be analyzed.

In this research, the study was limited to interviewing food and beverage directors. The personal interviews could be expanded to employees, managers and directors to determine if consistency exists through the hierarchy of the food and beverage department. In addition, a comparison of only one gaming and one non-gaming hotel would be a more in depth comparison. The researcher can analyze much more information and report a more informed conclusion.

At the present time, the only city that has passed a regulation to build a casino hotel is New Orleans. Dining outlets will not be included in the hotel. Proliferation of gaming in the United States is exploding and only the future will hold the answers. A survey based on where people would go to vacation and gamble if casinos existed in their city would reveal very interesting facts about the future of Las Vegas.

The research of gaming hotels could be expanded to all gaming and non-gaming properties to determine if food and beverage uses the same strategies as corporations involved in both gaming and non-gaming operations.
APPENDIX 1

ECONOMIC INDICATORS

INFLATION/CONSUMER PRICE CHANGES

Consumer prices are continually increasing from 1986 through 1990. Between 1991 and the end of 1992, consumer prices are still increasing, but at a decreasing rate. These numbers are also be seen in the graph. Many changes are ahead with the new administration. Only the future will tell the answers.

CONSUMER PRICES—ALL URBAN CONSUMERS

In December, the consumer price index for all urban consumers rose 0.1 percent, seasonally adjusted (it fell 0.1 percent not seasonally adjusted). The index was 2.9 percent above its year-earlier level.

*Economic Indicators, 1993*
DISPOSABLE PERSONAL INCOME

As seen in the chart, disposable personal income is increasing at a decreasing rate with virtually no increase from 1991 to 1992. These figures run together with the changing consumer prices, but the disposable personal income is increasing at a much slower rate. This means people have less money to spend on vacations.

No. 678. Selected Per Capita Income and Product Items: 1959 to 1991
(Based on Bureau of the Census estimated population including Armed Forces abroad; based on quarterly averages. Prior to 1960, includes Alaska and Hawaii)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CURRENT DOLLARS</th>
<th>CONSTANT (1987) DOLLARS</th>
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<td>Gross domestic product</td>
<td>Disposable personal income</td>
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<td>1991</td>
<td>22,450</td>
<td>22,502</td>
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* Statistical Abstract of the United States, 1992
APPENDIX II

ZAGAT RESTAURANT SURVEY
15 TOP-RATED HOTEL RESTAURANTS BY CITY

1. Atlanta: The Dining Room, Ritz-Carlton, Buckhead
2. Boston: Aujourd'hui, Four Seasons
3. Chicago: Cafe Laurent, Le Meridien
4. Dallas: The Mansion Restaurant, Mansion on Turtle Creek
5. Detroit: The Restaurant, Ritz-Carlton Dearborn
6. Denver: Le Profile, The Cambridge Hotel
7. Houston: The Restaurant, Ritz-Carlton Houston
8. Miami: Grand Cafe, Grand Bay Hotel
9. New York: Le Cirque, Mayfair Regent
13. Los Angeles: The Dining Room The Bel-Air Hotel
15. Seattle: The Georgian Hotel, Four Season Olympic Hotel

*Sanson and DeLuca, 1991
APPENDIX III

PRODUCT LIFE CYCLE

The product life cycle is a succession of phases for a product. These phases are:

1. Introduction stage.
2. Growth stage.
3. Maturity stage.
4. Saturation stage.
5. Decline stage.

The hotel industry has reached the mature stage of the life cycle because the product has reached its peak and is well developed.


*Glos, Steade and Lowry, 1976
APPENDIX IV
ACTION TRIAD

VALUES

NORMS

ROLES

STATUS

ORGANIZATIONAL ENVIRONMENT (+ or -)

*Goll, 1992
APPENDIX V
1992 STUDY OF GAMING AND NON-GAMING FOOD AND BEVERAGE OPERATIONS

QUESTIONNAIRE

1. At what type of hotel are you employed?
   _____ Gaming
   _____ Non-Gaming

2. What is the main source of income for your hotel?
   _____ Gaming
   _____ Room Rental
   _____ Food and Beverage
   _____ Other

3. How many food service outlets do you have in your hotel?
   _____ 1
   _____ 2
   _____ 3
   _____ More than 5

4. What types of restaurants are in your hotel?
   _____ Coffee shop
   _____ Buffet
   _____ Mid-scale dining
   _____ Fine dining

5. What types of specialized cuisine do your restaurants serve?
   _____ Italian
   _____ Chinese/Japanese
   _____ French
   _____ Mexican/Southwestern
   _____ American
   _____ Fusion
   _____ Other

6. Which cuisine is the most popular?
   _____ Italian
   _____ Chinese/Japanese
   _____ French
   _____ Mexican/Southwestern
   _____ American
   _____ Fusion
   _____ Other

7. Which restaurant has the lowest food cost percentage?
   _____ Italian
   _____ Chinese/Japanese
   _____ French
   _____ Mexican/Southwestern
   _____ American
   _____ Fusion
   _____ Other
8. Which restaurant earns the highest profit percentage?
   _____ Italian          _____ Chinese/Japanese
   _____ French           _____ Mexican/Southwestern
   _____ American         _____ Fusion
   _____ Other

9. Which restaurant earns the highest dollar profit?
   _____ Italian          _____ Chinese/Japanese
   _____ French           _____ Mexican/Southwestern
   _____ American         _____ Fusion
   _____ Other

10. Is it a goal of your hotel to make a profit in the food and beverage department?
    _____ Yes
    _____ No

11. Do your food service operations contribute to overall hotel profit?
    _____ Yes
    _____ No

12. What type of clientele are attracted to your hotel?
    _____ $0 - 19,999 (Income)
    _____ $20,000 - 29,999
    _____ $30,000 - 39,999
    _____ $40,000 - 59,999
    _____ $60,000 and above

13. Who is the primary type of customer attracted to your restaurants?
    _____ Locals
    _____ In house guests
    _____ Guests of other hotels

14. Does price have a major influence on the success or failure of your restaurants?
    _____ Yes
    _____ No
15. Does price have a major impact on repeat business?
   _____ Yes
   _____ No

16. Does accessibility have a major influence on your restaurant's success or failure?
   _____ Yes
   _____ No

17. Is your patronage enhanced by an attractive image?
   _____ Yes
   _____ No

18. Is your patronage based primarily on reputation?
   _____ Yes
   _____ No

19. Is your patronage based primarily on menu selection?
   _____ Yes
   _____ No

20. Which tangible quality do you feel is the most prominent in your restaurant?
   _____ Advertising style, media and message
   _____ Your trade name and insignia
   _____ Appearance of your restaurant
   _____ Quality food
   _____ Menu selection and distinctiveness of your food, utensils and packaging
   _____ Price

21. Which intangible quality do you feel is the most prominent in your restaurant(s)?
   _____ The first impact or feeling upon entering
   _____ Quality and warmth of approach
   _____ Service
   _____ Quality of foods and beverages
   _____ Price/Value
   _____ The uplift to ego and status you give to customers who dine at your restaurant
22. What do you feel is the most important strategy for success in foodservice operations today?
   [ ] Attract sufficient patronage on a continuing basis
   [ ] To achieve a favorable image both internally and externally
   [ ] Generate dependable repeat business
   [ ] Generate favorable word of mouth advertising

23. What type of marketing strategy do you use in your restaurants?

24. Have your foodservice operations changed in the past five years due to changing trends in the economy?
   [ ] Yes
   [ ] No

25. Have you changed your restaurants in the last five years to cope with the changing trends in the economy?
   [ ] Yes
   [ ] No

26. What type of changes have you incorporated into your marketing strategy for food and beverage operations?

26. How have the changes affected the profit of the food and beverage department?
   [ ] Favorable
   [ ] Unfavorable

27. How do you feel the proliferation of gaming in cities like Chicago and New Orleans will affect food and beverage outlets in Las Vegas? (Answer if you are located in Nevada)
   [ ] Favorable
   [ ] Unfavorable
1. At what type of hotel are you employed?

- Non-Gaming
- Gaming

0 1 2 3 4 5 6
2. What is the main source of income for your hotel?

- Other
- F&B
- Room Rental
- Gaming
3. How many food service outlets do you have in your hotel?

- More than 5
- 5
- 4
- 3
- 2
- 1

0 1 2 3 4 5 6
4. What types of restaurants are in your hotel?

- Fine Dining
- Mid Scale Dining
- Buffet
- Coffee Shop

The bar chart indicates the following counts:
- Fine Dining: 8
- Mid Scale Dining: 12
- Buffet: 8
- Coffee Shop: 6
5. What types of specialized cuisine do your restaurants serve?

- Other
- Fusion
- Chinese/Japanese
- Mexican/Southwestern
- American
- French
- Italian
6. Which cuisine is the most popular?
7. Which restaurant has the lowest food cost percentage?

- Other
- Fusion
- Chinese/Japanese
- Mexican/Southwestern
- American
- French
- Italian

0 0.5 1 1.5 2 2.5 3 3.5 4
8. Which restaurant earns the highest profit percentage?
9. Which restaurant earns the highest dollar profit?

- Other
- Fusion
- Chinese/Japanese
- Mexican/Southwestern
- American
- French
- Italian
10. Is it a goal of your hotel to make a profit in the food and beverage department?
11. Do your food service operations contribute to overall hotel profit?

- Yes
- No
12. What type of clientele (income) are attracted to your hotel?
13. Who is the primary type of customer attracted to your restaurants?

- Guests of other hotels
- In house guests
- Locals
14. Does price have a major influence on the success or failure of your restaurants?
15. Does price have a major impact on repeat Business?

- No
- Yes

The bar chart indicates a strong 'Yes' response.
16. Does accessibility have a major influence on your restaurant's success or failure?

Yes

No
17. Is your patronage enhanced by an attractive image?

No

Yes

0 2 4 6 8 10
18. Is your patronage based primarily on reputation?
19. Is your patronage based primarily on menu selection?
20. Which tangible quality do you feel is the most prominent in your restaurant?
21. Which intangible quality do you feel is the most prominent in your restaurant(s)?

- Uplift to ego and status
- Price/Value
- Quality of foods and beverages
- Service
- Quality and warmth of approach
- The first impact or feeling upon entering
22. What do you feel is the most important strategy for success in foodservice operations today?

- Generate favorable word of mouth advertising
- Generate dependable repeat business
- Achieve a favorable image both internally and externally
- Attract sufficient patronage on a continuing basis
24. Have your foodservice operations changed in the past five years due to changing trends in the economy?
25. Have you changed your restaurants in the last five years to cope with the changing economy?

- No
- Yes
APPENDIX VI

PERSONAL INTERVIEW

1. What is your job title?
2. How do you perceive your job and your job responsibilities?
3. How have your food and beverage operations changed in the past five years?
4. What is the purpose of the food and beverage in your hotel?
5. What are the main functions of food and beverage?
6. How do these functions help the organization achieve their purpose?
7. What is the purpose of the organization as a whole?
8. What are the main functions of the organization?
9. How do these functions interact with food and beverage operations?
10. How do food and beverage operations fit into the organization?
11. How important do you feel food and beverage operations are to the hotel?
12. Are your food and beverage operations productive?
13. What measure do you use to decide if food and beverage operations are productive?
14. What types of standards exist in your hotel?
15. What are these standards based on?
16. What strategies do you use to promote food and beverage operations?
Food and Beverage Director
Hotel
Street Address
Las Vegas, NV 891__

Dear Sir/Madam,

I am a graduate student at the University of Nevada, Las Vegas and am in the process of writing my thesis which analyzes gaming and non-gaming hotel restaurants. The purpose of this research is to determine whether there is a need to reevaluate food and beverage operations in gaming hotel restaurants due to changing trends in the economy and changing consumer demands. Many non-gaming hotels are turning food and beverage operations into profit centers; primarily due to decreasing room rates. The analysis will determine if gaming hotel restaurants should follow this trend and reevaluate their food and beverage operations.

At this point in my thesis, I am contacting food and beverage directors from Hilton, Hyatt and Promus Corporations to see if they would be willing to participate in my study. These three companies were chosen because they are the only corporations that have operations in both gaming and non-gaming hotels.

I would like to set up a personal interview sometime during the month of December and will be contacting you shortly. In addition, enclosed is a questionnaire to obtain general information about your property and food and beverage operations. I will pick up the questionnaire during the personal interview. Your assistance in this study will be invaluable and will be greatly appreciated.

Sincerely,

Cheryl Baker
(702) 876-0677
BIBLIOGRAPHY


Goll, G. (1992). Marketing your values: A method for conducting a value inventory analysis. Journal of Restaurant and Foodservice Marketing. This article has been approved to be published, but has not appeared in the magazine as of the date of this thesis.


