

HAMG 1300
Intro to Casinos


Casino Food and Beverage

Food and Beverage Objectives

- Parallel those found in any restaurant operation
 - Meet guest expectations
 - Earn fair profit
- *However a gaming exec employs different means to these ends*

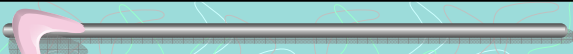
Gaming world

- More concerned with gaming profits
- F&B absorbs losses so long as gaming revenue is enhanced by F&B
- Quite common F&B is offered for reduced price or comped to keep guests in casinos and happy
- Most loss is about 35%
- 3 objectives
 - Enhance gaming revenue-on avg 80% of gaming guests will visit some f&b outlet
 - Guest convenience-keep it user friendly and easy (i.e. drink hosts)
 - Attract gaming guests-keep it high value and high service

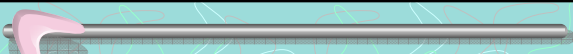


Food and Beverage Outlets

- Buffet
 - B, L, D
 - Marketing, Most Popular
- Room Service
 - 24/7, in some 5* value
- Snack Bar
 - Pool side, Kiosk
 - Sweet Shops to Small Delis
 - Food Courts (could be National Brands)
 - Offers low priced option
 - No full service table option for casino




- Coffee Shop
 - 24/7, serve needs of all guests especially those arriving from different time zones
 - Can offer breakfast and lunch items (typical of IHOP)
- Gourmet Room
 - Open about 5-6 hours per day
 - Usually this is a wine room (comp)



- Specialty Restaurants
 - <http://www.mandalaybay.com/dining/restaurants.aspx>
- Catering
 - Most common amenity
 - On the clock 24/7
- Showroom
 - Dinner shows and cocktail shows
 - Drink only shows, appetizer shows, full dinner shows




- Main Bar
- Portable Bar (Banquet Bar)
- Lounge – many of these (usually with entertainment)
- Casino service bar (drink hosts)




The world of comps

- Comps and reduced price are mainstays of the f&b department marketing plan
- It is thought that 1/6 of its food sales and 1/3 of its beverage sales are comped
- The f&b dept is usually not considered a revenue center, even today, making it a loss leader




Example

- If the guest has \$500 to spend and if the hotel/casino charges \$200 for non-gaming activities, he or she will lose \$300 to the casino. But if the hotel/casino only charges \$100 for non-gaming activities he or she has \$400 to lose. Either way this guest will leave \$500 at the casino. It is thought though that the guest will perceive that a greater value if the bulk was spent on gaming.




The tracking system

- Need for more scrutiny in giving comps out
- We want people to gamble not just wait for comps
- Created by Harrah's
- Look at average bets, average playing times and so forth
- Can be slot cards or eye in the sky




Types of Comps

- Beverage-eligible if you are playing, different type for different type of play (\$5 dollar slot vs. \$1 dollar slot)
- Food-High roller all food outlets, lower rated player maybe only buffet
- Room-High rollers, always Whales
 - Maybe during slower periods use this comp to attract visitor volume at reduced price or a combination package of all three
- Transportation-from jets to limos from the airport
 - Bus tours are also more common these days
- Other comps-sweatshirts, theme park passes, slot tokens, or any other marketing gimmick




Calculating Comps

- As a rule casinos will comp guests up to 1/2 the amount it expects to win from them
- Casino hosts are charged with calculating these comps, attracting the visitors, cultivating the business
- Some casino hosts work the entire casino, some specialize in certain areas of the casinos (example slot hosts)
- Casino hosts will use a combination of computerized record keeping and educated judgment



Example

- If a player is playing a \$1 slot and is wagering approx \$500 per hour and plays for 2 hours, he or she is risking \$1000
- The property will set a win ratio based on the machine (if it pays 97% then the win ratio is 3%)
- The 3% win ratio calculates to \$30 so the casino host will comp the player \$15 worth of goods or services regardless of how much the player wins or loses




Rating Players

- Inexact Science
 - Evaluated on Credit Line, Average Wager, Amount of Playing Time, Theoretical Win
- Each Casino may look at a player differently
- Slot Clubs and Table Clubs may be used (players can redeem points for items)



Let's look at a slot player

- Four Ratings
- 1. Purchases a rack of \$100 plays until gone
- 2. Purchases a rack of \$100 plays one time and then cashes out
- 3. Purchases several racks but churns them (keeps cashing in and repurchasing, plays very little)
- 4. Purchases many racks but churns the money without placing a wager, instead cashing them in a change stations giving the impression of playing while having a few drinks



Who gets charged?

- If something is comped, the department that comped is charged (example a slot department would be charged if it comped a buffet) the menu price of the meal
- A precise accounting transfer system must be set in place along with a system to ensure taxes are correctly paid
