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Abstract

The School of Hospitality Management at Florida International University recently offered a new course, recreational food service management, in an effort to address the specialized needs of that segment of the industry. The author discusses the size and scope of this area, its history and presentations, its specialized operational nature, its menu structure and style of service, and the unique management requirements for success.

Keywords

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Recreational Food Service Management: A New Academic Challenge

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The School of Hospitality Management at Florida International University recently offered a new course, recreational food service management, in an effort to address the specialized needs of that segment of the industry. The author discusses the size and scope of this area, its history and presentations, its specialized operational nature, its menu structure and style of service, and the unique management requirements for success.

A 1982 study undertaken at Florida International University by the author identified recreational food service as comprising 3 percent of the total \$185 billion food service industry, with five major categories of facilities generally regarded by professionals as recreational operations:

- Stadiums, coliseums, and arenas
- Amusement parks and attractions
- Pari-mutual facilities
- Public convention centers
- Various other operations

Stadiums, Coliseums, Arenas Have Common Base

The group is widely varied. Large stadiums seat 45,000 – 80,000 people and are built, owned, and managed primarily by governmental municipalities for sporting events. Older facilities are all open air, while newer facilities are domed and weather-proof. Major tenants are usually major league football/baseball/soccer teams which sign long-term leases with the facility.

Coliseums are smaller stadiums seating up to 20,000 – 23,000. Like their stadium counterparts, they are also built, owned, and managed primarily by governmental agencies and seek primary tenants in the professional sports community, but in the basketball/hockey/indoor soccer areas. In addition, they service their communities with a variety of entertainment and community events, including traveling shows (circuses, rodeos, ice shows, etc.), concerts, local activities for sports, graduations, etc.

Arenas are still smaller coliseums with seating capacities up to 6,000. While most of these are also civic owned, a number are also privately own-

ed. They seldom are able to attract professional sports franchises as major tenants, but still book a number of local sporting events, such as boxing, wrestling, school activities, etc.

All three, stadiums, coliseums, and arenas, have a common customer base: individuals and families seeking recreational activity through entertainment at a sporting, theatrical, or other presentation. They are spectators at the events, not participants, and food service is a supplement to the entertainment activity.

Amusement Parks, Attractions Encourage Participation

Unlike the stadium/coliseum/arena customer, those who attend an amusement park or attraction are participants in the activity as well as spectators to the overall operation and its various shows. Amusement parks are sub-divided into two major segments: parks and theme parks. Ride parks have a long history while the theme park is relatively new. Ride parks offer customers participatory thrill rides to excite the imagination. Their origin was in small groups of individual ride operators gathering adjacent to family picnic areas in metropolitan areas. These were usually at the end of the trolley, bus, or subway lines of larger communities. As public parks became picnic centers, ride parks became their neighbors, growing to become separate facilities constructed specifically as ride parks with their own internal picnic grounds as well as a variety of other food service facilities.

The theme park was born with the opening of Disneyland in California on July 17, 1955. Founder Walt Disney envisioned and built a park where rides, entertainment, and a variety of other experiences would all be enjoyed by the general public, including food service. This concept founded a new segment within the recreational food service industry where a total experience, including food service, is planned by the builders and operators of the facility.

An attraction differs from an amusement park since attractions usually do not have rides or a special theme. Their offering may be a specific type of entertainment or natural setting. Participants (customers) are usually observers, but not from a single seat as in the stadium/coliseum/arena segment.

Facilities such as Sea World Park in Orlando, Florida, and San Diego, California, are examples of this type of operation. Others follow the same pattern, offering their customers either a single or multiple shows along with a variety of food service and shopping experiences. Attractions can be small, with annual attendance under 500,000 or large with an annual attendance in multiples of a million. They may be year round or seasonal. It all depends on the type of attraction or combination of shows.

Pari-Mutual Facilities Offer Gambling

Pari-mutual facilities provide patrons with an observational-participatory experience where the basic reason for attendance is to gamble. All pari-mutual facilities operate under strict state laws governing their scope of activity, the number of days per year they may operate, and numerous other restrictions. This segment breaks down into five major sub-categories:

- Thoroughbred racing
- Standardbred (harness) racing
- Quarter horse racing
- Dog racing
- Jai-alai frontons

Most horse race tracks only offer one type of racing at one or two scheduled “meets” per year, depending on the type of horse racing. In recent years the high overhead cost of maintaining a racetrack facility for one or two meets a year (as short as 30 days) has caused some tracks to seek, and achieve, multiple use. Some horse tracks now have either two or three (thoroughbred, harness, quarter horse) meets per year.

Dog racing facilities seldom have any other types of events. Their configuration and ancillary services are not suited to anything else.

Jai-alai events are the only pari-mutual facility where gambling on the outcome of human athletic competition is legal. The facility where it is played, a fronton, is especially constructed for the game and is not suitable for multiple use.

Patrons at pari-mutual facilities participate by continuously moving from observation locations to betting windows to around the other areas of the facility. Almost all pari-mutual facilities are owned and operated by private investors. A few are owned and managed by governmental agencies, usually as part of some other overall sports complex enterprise.

Public convention centers exist in every major metropolitan area and in a large number of smaller population areas. Most have been constructed, and are usually managed, by a governmental agency to serve community needs. Their usual function is to attract and promote business in their community. They vary in size from as small as 50,000 square feet to over 500,000 square feet. A number are part of larger agencies that may administer a community-owned convention center, stadium/coliseum/arena, and/or pari-mutual facility. One example, the Kentucky Fair and Exposition Center, has over 500,000 square feet of convention/exhibition space, a 12,000 seat coliseum, a 25,000 seat baseball stadium, and numerous other facilities for their annual state fair and exposition, all under a single governmental agency management.

Convention centers are hybrid-type locations, providing for large trade shows, coliseum/arena type seating for events, a performing arts theater, and a multiplicity of other activities. Since their primary function is service to the community, that term “service” is interpreted by the community via the agency assigned to manage the facility.

Patrons at a convention center are more often than not also participants in the activity. This is especially true of trade shows and community events where the convention center is using an arena-type seating configuration for an entertainment event; patrons assume the role of seated observers.

Multiple Other Operations Exist

The fifth category of operations of the recreational food service industry

covers a wide variety of location types and purposes, including movie theaters, bowling alleys, museums/planetariums/aquariums, zoological gardens, ice/roller skating rinks, beaches and resorts, and campgrounds. Major contract management companies active in the industry also include recreational facilities in state and federal parks.

Movie theaters are a sizable segment of the industry. While their food service (concessions) is a limited one, it plays a vital role in the financial structure of the industry. Some zoological gardens have multi-million dollar food service operations with large capital investment facilities. State/federal park facilities have large, and often old and inefficient, food and lodging facilities. This miscellaneous group has varied food service management needs dependent on size, scope, and customer participation.

The various categories of recreational operations provide a food service as an integral part of their activity, with patrons being observers, participants, or both. The primary reason for attendance at the facility is for a recreational activity, and food service is a major part of that activity.

History Is Story Of Individuals

Originally all food service operations at recreational food service locations were managed either by the owners of the facility or by an independent contractor, usually a "mom and pop" type family operation, with just the one location.

Large stadiums and coliseums allowed individuals to sell their wares at the various events, paying management a fee or commission for that privilege. Early amusement parks leased space to individual operators, who provided some specialty item (very similar to leased space in a modern enclosed shopping mall). Early pari-mutual facilities either hired a food service manager to work on their staff or encouraged a local operator to provide the seasonal short-term food service operation. Other areas now termed recreational food service had similar arrangements.

Two companies had early recognition of the specialized need and high profit potential in recreational food service locations and became the forerunners of today's professional food service management companies active in this field.

The Harry M. Stevens Company was founded in the 1890s by Harry Mozley Stevens, an immigrant from Derby, England, who migrated to Niles, Ohio, in 1882. He brought along his wife and three children and found work in a steel mill. His start in the concession business was in Columbus, Ohio, in the 1880s at a baseball game, selling books about an Ohio politician. While at the game he recognized that there was no method for spectators to identify one player from another. Seeing an opportunity, he obtained the right to publish and sell a program which later became a scorecard. From that beginning Stevens added other baseball stadiums and expanded his sales offerings to food and drink items. The professional concessions (food service) management company was thus born.

In 1893, Stevens obtained concession rights to the old Polo Grounds in New York (home of the N.Y. Giants), the original Madison Square Garden (which would now be called a coliseum), and others. In 1901, he

was asked to provide concessions and dining room services for the famous Saratoga Racing Association in Saratoga, N.Y. He was now in three major segments of the industry as it is now known today: stadiums, coliseums, and race tracks.

Stevens died in 1934, leaving behind a multi-million-dollar, family-owned recreational food service management company, one which is still owned and operated by his children and grandchildren and is a leader in the field, grossing over \$150 million in annual sales and still active primarily in major stadiums/coliseums/arenas, and pari-mutual facilities.

Sportservice Company Enters New Area

The Sportservice Company was founded by the Jacobs Brothers, sons of Jewish immigrants from the lower East Side of New York, a port of entry for many such families around the turn of the century. Later moving to Buffalo, the three brothers began their working careers with shoe-shine kits in Buffalo's Shelton Square, then expanded their efforts to newspapers. The oldest, Marvin, started selling popcorn in the gallery of the old Seneca Theater. At 16, he was made manager of concessions at the Academy Theater and hired his two brothers. Their concessions company in theater operations, which was to become the Sportservice Corporation, was born. It still functions today as a leader of the industry, family-owned and operated.

The Jacobs Brothers expanded to theaters in other cities and eventually to a baseball park in Jersey City, selling peanuts. This was to become a primary and lucrative market for Sportservice. They ultimately became stockholders in the Buffalo Bisons, concession operators for the Detroit Tigers, and a major force in the professional baseball industry. In its leaner years during the Great Depression, it was Sportservice concession revenues and commissions that kept more than one baseball team from bankruptcy.

From that humble beginning Sportservice expanded into race tracks, amusement parks, drive-in theaters, stadiums and coliseums, and every area now known as recreational food service management. Along the way they helped found the old Arena Managers Association, developed the concept of ice shows (Ice Follies and Ice Capades), and owned and promoted ice hockey teams. Louis Jacobs was a pioneer in promoting harness racing, night racing, dog racing, and jai-alai, all components of today's pari-mutual segment of the industry. He moved into fairs and expositions by catering the 1960 Olympics in Rome, Italy.

Today Jeremy Jacobs, son of Louis Jacobs, is president and owner of Delaware North Companies, a conglomerate that has Sportservice as one of its wholly-owned subsidiaries. Sportservice is active in every facet of today's recreational food service industry, both domestic and foreign.

Both the Stevens Corporation, with almost 90 years of history, and Sportservice, with over 60 years of history, have been active in recreational food service operations for those periods. More recently, in the 1960s, other major national food service management corporations recognized this separate and definable market segment and entered the field. Today every major national contract management company has a distinct division or group to address this market segment.

In 1984, a marketing vice president of one major corporation prepared a study of the top 10 companies as he viewed them, and their approximate revenues from their recreational food service divisions (see Table 1). Note that H. M. Stevens still tops the list. In October 1985, Transworld Corporation, parent of Canteen, acquired Interstate United Corporation, parent of Volume Services. This new combination should place the merged Canteen/Volume Services as the leader in the industry. In addition, Servomation Corp. has been acquired by the Macke/Allegheny Beverage Corporation, with a name change to ServiceAmerica. Gladdieux Foodservice has been acquired by the Marriott Corporation, along with some other food service management contract companies, positioning Marriott in the recreational food service industry.

Table 1
Ten Major Recreational Food Service Companies

Company	Est. Annual Sales
1. Harry M. Stevens	\$150,000,000
2. ARA Leisure Service Division	130,000,000
3. Sportservice Corporation	125,000,000
* 4. Volume Services Div. Interstate United	80,000,000
5. Ogden Foodservice Company	76,000,000
* 6. Canteen Corporation	70,000,000
** 7. Servomation Corporation	65,000,000
8. Szabo Foodservice Company	27,000,000
9. Kwik Kafe	5,000,000
***10. Gladdieux Foodservice, Inc.	4,000,000
	<u>Total \$732,000,000</u>

* Canteen has since acquired Volume Services

** Servomation has since been acquired by Allegheny Beverage Co.; name change to ServiceAmerica

*** Gladdieux has since been acquired by the Marriott Corp.

These statistics represent only 10 major corporations. A large number of smaller regional corporations are also active in this field and still a larger percentage of the industry remains self-operated, or contracted to a one-unit operation. Growth potential and specialized career opportunities appear in excess of overall food service industry averages. Overall there appears to be a \$7 - 8 billion dollar industry with an annual growth rate of 12.06 percent and a real growth rate of 2.4 percent. This equals or exceeds the growth rate of most other segments of the food service industry.

Style, Menu Structure Differ

One of the major differences between recreational food service and other commercial food service operations is the style of service and the basic menu structure. In the average commercial food service, the customer has only one purpose for entering the location — to purchase a meal or a snack. In a recreational food service facility, customers have arrived at the location for recreational purposes and food service is a part of that total experience. The menu structure offered and the style and type of service to accommodate that structure differ in the various categories of recreational operations. One common type of menu and service that differentiates “recreational” from other food service operations is that of the concessions, a term common in the industry, and a unique, high gross profit (usually 78 – 80 percent) offering. Different industry segments utilize it in greater or lesser amounts, but each regards it as the primary profit center.

Stadiums/coliseums/arenas provide a wide variety of entertainment activities with the customer acting as an observer of a sport, entertainment, or other event. The primary food service outlet is the concession stand; a secondary, but important, outlet is the individual seller (vendor or hawker) who brings food products directly to the patron. In both cases, the style of service is exceptionally fast based on an extremely limited menu offering. Basic categories include:

- Hot dogs and other sausage items
- Cold drinks (soda and beer)
- Popcorn and peanuts
- Miscellaneous novelty foods

Some locations also offer additional fast food items and service, but the major percentage of gross sales is composed of these four categories.

At a concession stand, a single worker at a single point of sale makes a transaction that services two to four patrons in 30 seconds. The ability of the sale/service point to maintain this high speed of activity over an extended period is dependent upon menu content, sales point merchandise and display arrangement, crowd handling arrangements, cash handling systems, and style of service concepts unique to the concession operation.

In the stadium/coliseum/arena segment, the concession operation is designed to meet these criteria, as well as the overall needs of the customer. The reason for attending an event at these locations is the sports, theatrical, or community activity being presented; the concession service is a supplement.

Food Service Is Also A Part Of Recreation

Food service in amusement parks and attractions takes on a different role. It is a part of the total experience of recreation and fun being created by the park owner or operation. The concept and style of service in the concession stands is a bit more leisurely, but still kept to a fast pace. Each stand in an amusement park or attraction may be a specific “specialty”

facility or a full-line food service. Specialty "fun foods" such as cotton candy, popcorn, sno-cones, giant pretzels, and many others are all part of the day's recreation and entertainment. Menu structure and style of service must match each individual situation and need.

Large amusement parks and attractions often have a central commissary that receives, stores, produces, and distributes fully and semi-prepared products to the various sales outlets. Menu structure must match the capabilities of the situation and the wants and needs of patrons if it is to be successful. Large parks may have over 200,000 visitors on a single day. Some have full service restaurants and/or cafeterias in addition to their concession food service outlets. All must match a unique food service need with the appropriate food product and service.

Food service operations at pari-mutual facilities may vary from fine white tablecloth dining down to the hot dog at a concession stand. A typical major thoroughbred racing facility would have a 200/300-seat fine dining room, a private club with 75 - 100 seats of fine dining, a lower-priced cafeteria, a delicatessen, numerous specialty food stands, and a number of concession stands and bars. The diversity of styles and types of food service equals or exceeds any other facet of the industry.

Menu structure combines the concession stand of the stadium/coliseum/arena segment, the novelty food outlets of the amusement park and attraction segment, plus the specialized dining room and private club needs of this pari-mutual segment.

Some facilities have night events and the dining facilities often become the most popular in the area, particularly if they are in a tourist market such as Southeast Florida.

Patrons at a pari-mutual facility are participants as well as observers. They gravitate over a wide area of the facility and are provided a wide variety of food service styles and menu concepts at different areas. Diversity of both menu and style of service is the usual rather than the unusual.

Public convention centers are hybrids of food service menu concepts and styles of service. They have two basic areas of operation: concessions and catering.

When the center has a booked event for spectator viewing (basketball, theatrical show, etc.) the form of menu and service is identical to the stadium/coliseum/arena segment. For those occasions the center has in effect become an arena, with concessions stands, portable stands, and vendors.

When the center books a major convention as its temporary tenant, the event often requires a variety of small and large catered events for breakfast, lunch, and dinner, for numerous meeting room beverage services, and for other related activities. Some large scale catered meals can be served for up to 20,000 at a single sitting. Considering that the location manager and staff provide this vast diversity of concession/catering food service, menu content and style of service have a tremendous impact on management skill requirements.

All other areas of recreational food service have their own unique styles of service and related menu structure as well. A theater lobby primarily sells candy, popcorn, and cold drinks at a fast pace for a short period, comparable to a stadium/coliseum. A zoo, park, or other such attraction

is comparable to an amusement park or attraction. A state or federal park is comparable in many food service respects to a pari-mutual facility or convention center. All have the same common denominator of all recreational food service operations: Customers are either spectators at and/or participants in the recreational activity taking place.

Some Operations Magnify Management Activities

Many concessions operations have a magnification of activities unique to this industry. Take the example of a large 70,000 seat stadium whose primary activity is professional football. Such a facility may have only 12 football games per year, but that comprises 90 percent of their total activity. One such game, with a sold-out capacity as most games are, would look like this:

Event: Major League Football

Sales volume: \$4.00 per capita spending
(4.00 x 70,000 = \$280,000)

Selling time: 50% of gross sales in a 20-minute period during half-time

This facility and event will accomplish \$140,000 in retail food sales in a 20-minute period (\$7,000 per minute). This magnifies every facet of food service management from menu, purchasing, distribution, selling, etc., to the basic fundamentals of planning and controlling.

The remaining \$140,000 of this day's sales will be effected primarily by individual hawkers/vendors, remote from supervision or control, placing additional emphasis on the need for strong management planning and control skills. Considering that the operator of this location is accomplishing 1/12th of annual sales (similar to one month in a commercial food service) in this single day's event, the importance of sound and skilled management is evident.

In the amusement park and attraction segment, an equal magnification is present. These locations often operate for only 90 days per year from Memorial Day to Labor Day. In that period, three major three-day weekends may comprise 30-50 percent of their year's activities and revenue (Memorial Day, July 4, and Labor Day). Some of the larger locations may have 500,000 to one million visitors on one of these three-day weekends. Just imagine the magnification of every aspect of food service management activity in these cases.

In the special events categories that continually take place in the recreational food service industry, some amazingly large amounts of activity take place. In Flushing Meadows, New York, the U.S. Open Tennis Championship occupies a 13-day period. Over 400,000 people attend; in 1985 they spent over \$3.5 million for a variety of food service offerings. The facility is managed by Restaurants Associates, a New York-based restaurant company.

In Los Angeles, California, the 90,000-seat coliseum hosted the track and field competition for the 10 days of the 1984 Olympics. The facility was turned over twice daily, with capacity attendance of 90,000 at each session. In the 10 days of the event, Volume Services, the contract

management company, served almost two million people with a gross sales volume of nearly \$8 million. They utilized a temporarily hired staff in excess of 2,000 people.

Recreational food service as defined in this article is over 3 percent of the total food service industry. Using standard payroll ratios and average wage scales in the industry, an estimated 30,000 – 35,000 supervisory and management positions exist today. That number can be expected to grow at rates comparable to industry growth.

One trade association, the National Association of Concessionaires (NAC), has recognized the need for professionalism of management in the industry. They also feel that such professionalism requires an academic base, and that various schools of hospitality management should have a special course offering in this area. NAC has embarked on a two-fold program to fill this void:

- Initiation of a certified concession managers program for its members
- Financial assistance to support academic offerings of a specialized course in recreational food service management

The organization is also endeavoring to raise funds to endow an eminent scholars chair at a major university to provide research and teaching materials for numerous schools to offer such courses.

The professional management companies in the industry and its trade associations have recognized recreational food service as a specialized and distinctly separate segment of the industry. FIU's School of Hospitality Management has also made that distinction. Recreational food service management is a large, indentifiable, and separate segment of the food service industry. It is indeed an academic challenge.

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