

1-1-1987

Recreational Food Service is Big Business

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Recommended Citation

Horvath, Gary and Warner, Mickey (1987) "Recreational Food Service is Big Business," *Hospitality Review*: Vol. 5 : Iss. 2 , Article 7.

Available at: <https://digitalcommons.fiu.edu/hospitalityreview/vol5/iss2/7>

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Recreational Food Service is Big Business

Abstract

In the analysis - Recreational Food Service Is Big Business - by Gary Horvath, President, Recreational Foodservice Division, Service America Corporation and Mickey Warner, Associate Professor School of Hospitality Management at Florida International University, Horvath and Warner initially state: "Recreational food service is very different from routine food service management. The authors review the market and the management planning and challenges that create that difference."

Recreational food is loosely defined by the authors as food for special events. These can be one-time events, repeated events that are not on a fixed schedule [i.e. concerts], weekly events such as football-baseball-or basketball games, or other similar venues. Concessions are a large part of these fan based settings.

"An anticipated 101,000 fans at a per capita spending of \$5-6 [were expected]. A typical concessions menu of hot dogs, popcorn, soda, beer, snacks, novelty foods, candy, and tobacco products comprises this market segment," say Horvath and Warner in reference to the Super-Bowl XXI football championship game, held in Rose Bowl stadium in Pasadena, California, on January 25, 1987. Some of the article is based upon that event.

These food service efforts focus on the individual fan, but do extend to the corporate-organizational level as well. Your authors will have you know that catering is definitely a part of this equation. The monies spent and earned are phenomenal.

"Special events of this type attract numerous corporate catering opportunities for companies entertaining VIP guest lists," the authors inform. "Hospitality tents usually consist of a pregame cocktail party and buffet and a post-game celebration with musical entertainment held in lavishly decorated tents erected at the site. In this case a total of 5,000 covers, at a price of \$200 each, for 12-15 separate parties were anticipated."

Horvath and Warner also want you to know that novelties and souvenirs make up an essential part of this, the recreational food service market. "Novelties and souvenirs are a primary market and source of revenue for every stadium food service operator," say Horvath and Warner.

The term, "per capita spending is the measurement used by the industry to evaluate sales potential per attendee at an event," say the authors.

Of course, with the solid revenue figures involved as well as the number of people anticipated for such events, planning is crucial, say Horvath and Warner. Training of staff, purchasing and supply, money and banking, facility access, and equipment, are a few of the elements to be negotiated.

Through both graphs and text, Horvath and Warner do provide a fairly detailed outline of what a six-step event plan consists of.

Keywords

Gary Horvath, Mickey Warner, Recreational Food Service Is Big Business, Per capita revenue, Catering, Novelties – Souvenirs, Concessions

Recreational Food Service Is Big Business

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Recreational food service is very different from routine food service management. The authors review the market and the management planning and challenges that create that difference.

The Super Bowl XXI football championship game, held in the Rose Bowl stadium in Pasadena, California, on January 25, 1987, generated revenues of \$2,713,529 for the contract food service management company operating that facility. That's big business for a one-day event and typical of the management challenges that differentiate recreational food service from other segments of the food service industry. A sales figure of \$2.7 million for one day equates to the rate of \$985.5 million in annual sales. Few food service corporations operate at that level of intensity.

The primary market for revenue at a football stadium is the attending fans and the potential for food, drink, novelties/souvenirs, and program sales from that source. Various other factors have an effect on that market including the time of day the event is being held, the weather, the nature of the facility itself, the geographic location of the stadium, and the nature of the event. All affect the potential per capita spending which can be anticipated. Per capita spending is the measurement used by the industry to evaluate sales potential per attendee at an event.

In this instance the event was held in the Rose Bowl in Pasadena, a facility built in 1922, many years before modern food service facilities at a stadium were considered. With a seating capacity of 101,000 it is usually filled once per year at the annual Rose Bowl college football game. While it operates on several other occasions per year, it generally does not achieve capacity.

In 1987, with its utilization for a professional championship football game, the location has a one-time market well in excess of its physical plant capacity. That market was assessed as follows:

Concessions, food and drink sales: An anticipated 101,000 fans at a per capita spending of \$5-6. A typical concessions menu of hot dogs,

popcorn, soda, beer, snacks, novelty foods, candy, and tobacco products comprises this market segment.

Catering sales: Special events of this type attract numerous corporate catering opportunities for companies entertaining VIP guest lists. Hospitality tents usually consist of a pre-game cocktail party and buffet and a post-game celebration with musical entertainment held in lavishly decorated tents erected at the site. In this case a total of 5,000 covers, at a price of \$200 each, for 12-15 separate parties was anticipated. Corporations holding catered parties at SuperBowl XXI included Nissan, Ford, Oldsmobile, Searle, Merrill Lynch & Co., Subaru, American General, Polaroid, Coca Cola, Epson, Hyatt Hotels, Travenol Labs, United Resources, Security Pacific, and General Electric.

Special sales: The National Football League (NFL) utilizes a special crew of 1,000 ushers for such an event. These create a market for special box lunches sold to the NFL and served at the training session held for the one-day employees. This is part of the concessionaire's responsibility.

Novelties and souvenirs: Novelties and souvenirs are a primary market and source of revenue for every stadium food service operator. Gross sales volume for a special event usually exceeds the food and beverage sales. An event such as SuperBowl XXI can anticipate an \$8-9 per capital revenue from this source.

Large variances are experienced in this market segment depending on the teams participating and which team wins the game. Where one of the participating teams is playing in its first SuperBowl, such as the New York Giants in 1987, it tends to increase the per capita spending and related revenue. When the game is over, the winning team creates an additional sales volume. Here again, a first-time winner creates a greater demand for mementos of the game.

This was the expected market for SuperBowl XXI.

The resulting sales volume exceeded expectations of the contract management company. The total revenue from the event was

Concession food and beverage	\$ 575,229
Novelties and souvenirs	909,146
Catering beer and liquor	77,154
Catering food (includes rentals and entertainment)	<u>1,157,000</u>
Total	\$2,713,529

In addition, the National Football League, which retained rights usually given to the food service operator, sold 60,000 programs at the selling price of \$5 each. That created an additional \$300,000 revenues produced for the day. This brings the stadium's total revenue for the day to over \$3 million.

Occasion Requires Event Planning

Management planning for such an occasion in the recreational food service field is called event planning. While this concept follows the basic

fundamentals of management planning, its scope is extremely magnified for every element of the plan.

Event planning follows six basic steps:

- project expected attendance and per capita spending
- project product line sales by each market segment
- project product requirements for each category of sales
- project labor requirements for all areas of sales
- project all special requirements for the event
- summarize steps into an event plan

The first five steps are relatively routine for an experienced operator. The last is a management challenge considering the nature of the physical facility, the lack of a regular large labor force who usually are employed in the services required for this event, and numerous other special requirements.

The normal permanent management staff of the contract management company at the Rose Bowl consists of a general manager, an office manager, and a warehouse manager. Required for this special event were a staff of 30 additional management personnel and 1200 hourly workers.

The permanent concessions food service operation consists of three stands, while the required number of stands to accomplish the sales goals and fulfill the market needs was 100-125. No catering facilities exist on the premises, requiring an off-premises catering operation for 5,000.

Money and cash handling facilities were required to handle nearly \$2 million in a short span of time, including gathering, receiving, and counting and related administrative functions associated with such a task.

To facilitate management planning of the special event most contract management companies create a special organization structure and staff and train that organization's personnel, deactivating that structure the day after the event. Planning begins approximately 12 weeks before the event and continues in a limited manner about one week after the event.

Management Problems Require Resolution

Numerous management problems unique to the recreational food service field required resolution for this situation:

- **Staffing:** Problems involved in such an exercise include locating specific individuals within the corporation capable of such intensive management activity, making them available, transferring them to the location for a short period (from 1-10 days), and attending to related problems.
- **Equipment:** Problems exist in locating sufficient equipment and materials of a portable nature to fulfill the potential need and transporting it to the site and installing it.

- **Money and banking:** Still additional problems would be encountered in establishing a "one day" banking operation capable of handling the \$1,800,000 amount of cash sales that were expected. This includes all necessary cash handling equipment, personnel skilled in cash handling, and security functions related to the risk involved.
- **Facility access:** Traffic problems required that all employees be at the site by 9:30 a.m. of the event day or be refused admittance at the employee gate. Employee food service problems required the establishment of a temporary employee food service to provide a meal for over 1,000 contract company workers at different sites and times.
- **Training:** Problems of training a one day staff of 1200 hourly workers within a short space of time and within a limited budget for training.
- **Purchasing and supply:** Problems of obtaining a satisfactory service from suppliers and sub-contractors who have not been utilized before and supporting their local effort to assure success. The management plan required solutions to all of these potential problems, plus additional requirements normal to event planning.
- **The event plan:** Step one of the event plan requires the projection of attendance and per capita spending. This was a relatively simple forecast. Capacity attendance was expected and seating for such an occasion was slightly in excess of 101,000; therefore, 101,000-102,000 were projected. Per capita spending was a different matter. Since this is the result of the menu to be offered and the operator's ability to provide sufficient service to the attendees, it was directly related to their ability to accomplish the installation of sufficient portable equipment, and staff to service those points of sale. Despite these initial problems, a figure of \$5-5.50 per capita was projected.

Step two of the event plan requires the projection of specific product requirements that make up the per capita spending amount. Here again, no new problems were encountered as the operator has a sound history of spending patterns for such an event from other locations. A sales mix/cost mix table is prepared similar to that shown in Exhibit 1. This particular form is one used for training and development of concessions managers as part of the certification program of the National Association of Concessionaires (NAC). Once the anticipated product lines are identified and dollar amounts of sales projected, transferring these figures to actual product requirements is relatively simple.

Step three of the event planning procedure requires the projection of labor requirements. Here again, the need for portable facilities to supplement the three permanent stands would dictate the labor requirements. Additionally, it was known that insufficient personnel could be recruited, trained, and successfully supervised within the allotted time

**Exhibit 1
Sales Mix/Cost Mix Study**

(A) Proj. Annual Sales \$ _____					
(1)	(2)	(3)	(4)	(5)	(6)
Product Line	% Sales	Dollar Amt. Of Sales	Product Cost %	Dollar Amt. Product Cost	Notes
Hot Dogs					
Cold Soda					
Draft Beer					
Hot Drinks					
Popcorn					
Peanuts					
Ice Cream					
Candy					
Tobacco					
Other Foods					
TOTAL	(B)	(C)	(E)	(D)	

(A) Place sales information here.

(1) Enter all product lines not shown on blank lines.

(2) Enter estimated sales mix: a percentage figure.

(B) Add column (2): should be 100%.

(3) Multiply sales (A) by each percentage in column (2) enter in column (3). This is dollar amount.

(4) Enter estimated product cost percentage by product line from (1).

(5) Multiply each sales (3) by each cost % (4). Enter in dollar cost (5).

(D) Total column (5).

(E) Divide cost of sales (D) by sales (C). Enter the resulting % figure at (E).

frame. An alternate plan of soliciting sub-contractors with their own equipment and staffs was employed. Such suppliers were found to provide 30 ice cream carts with equipment and personnel and 20 pretzel carts, also with equipment and personnel.

Supervision and management personnel were located within the management company's staff from other locations and flown in for the event. Teams of supervision were created to effect an organizational chart to be utilized for the occasion (see Exhibit 2). This structure was to be the groundwork for staffing, training, supervision, and control of the plan.

It is common in the concessions industry to employ "service groups" to work as concessions employees. These groups are comprised of volunteers from service organizations desirous of raising funds for their own treasuries or special needs. The Kiwanis, Rotary and Lions clubs, Boy Scout and Girl Scout committees, church groups, civic groups and other similar groups are all available, but require a great deal of supervision and assistance in organizing their efforts to the goals of management. Thirty-five such service groups were successfully recruited, trained, and utilized to accomplish the concessions staffing needs of the event.

Providing personnel with cash handling, money and banking, and security experience is a bit more difficult. Staffing efforts included the temporary assignment of the corporate controller, the recruitment of various part-time personnel from local banks, and the employment of off-duty Pasadena police officers.

Novelty Sales Are Big Item

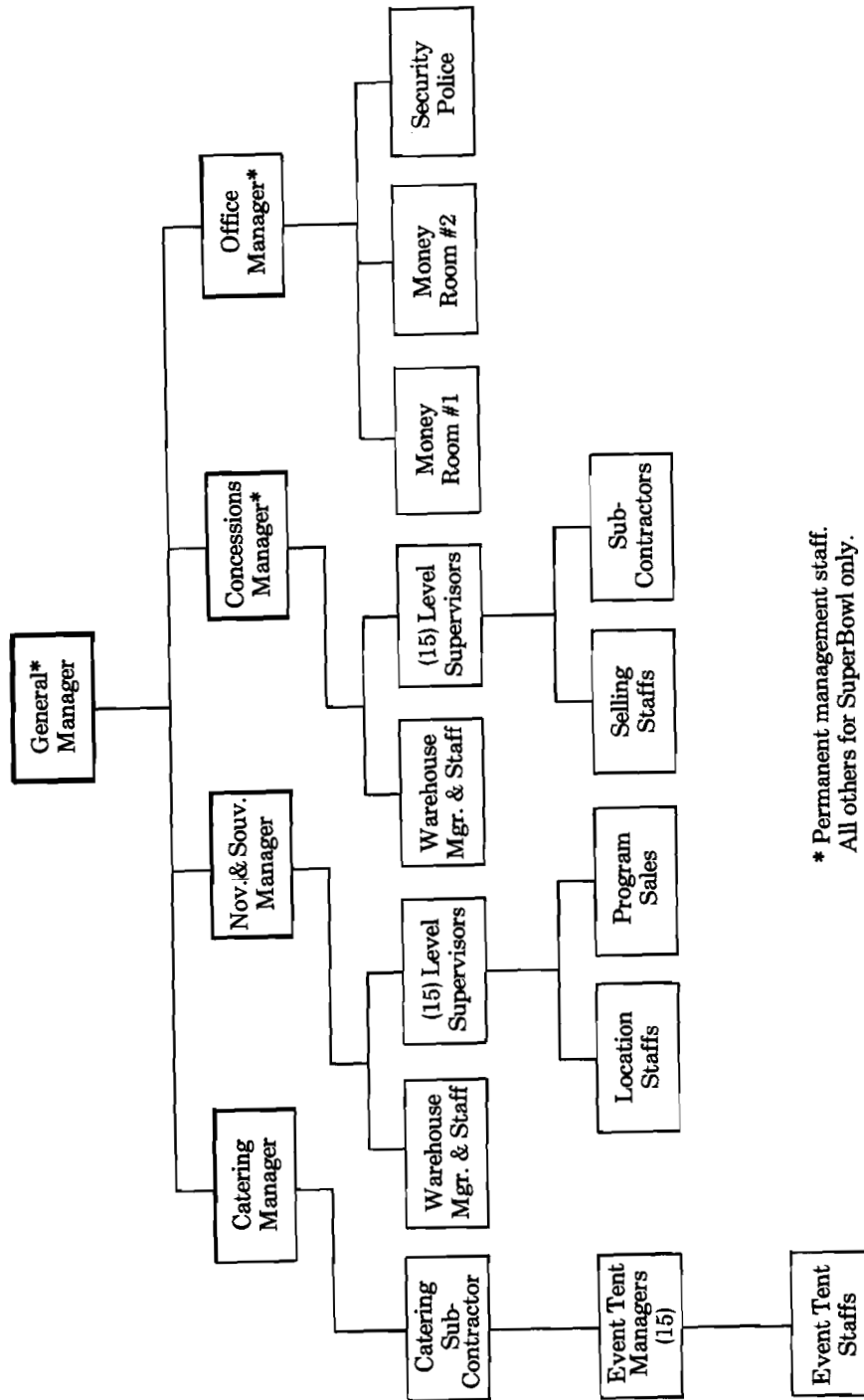
Since novelties and souvenirs were a large percentage of anticipated revenue, an entire separate organization was required to service this segment. The same procedure was followed as for the food and beverage planning, utilizing supervisory and management personnel from other locations of the contract management company and local sales personnel recruited from the Pasadena area. Training for sales personnel in this segment is relatively simple, as all sales workers are employed on a straight commission basis, with a retail inventory control responsibility.

Step four of the event planning procedure requires attention to special requirements. The primary special requirement of this event was the catering function, 5,000 covers at 15 separate location on the grounds. Secondary special requirements were the preparation of 1,000 lunch boxes and employee feeding prior to the event.

The contract management company utilized a catering manager from one of its other off-premium location, who in turn utilized a sub-contractor from the Pasadena area to effect this segment of the plan. The local sub-contractor provided equipment, personnel, and the use of a home base facility for preparation of the required menus. The off-premises supervisor from the contract management company provided overall planning, supervision, and direction to assure that the company's goals and the customer's satisfaction were achieved.

Projecting novelty and souvenir product requirements and anticipated sales is another special requirement related to the recreational food service industry. For this need, arrangements are made to obtain

**Exhibit 2
Event Organization Chart**



* Permanent management staff.
All others for SuperBowl only.

sales figures by item and count from previous SuperBowl events, in this case, Stanford in 1985, Tampa in 1984, the Rose Bowl in 1983, and Detroit in 1982. The NFL maintains records of sales of all items for these events. While these records are available, analysis of the records and forecasts of unit sales of different categories of merchandise require skilled review of the teams involved, the facilities where the game was played, the winning teams, and other relative decisions. The day after the game, leftover merchandise is like unsold Christmas trees on December 26. While winning team merchandise has some later value for mail order sales, the losing team merchandise is nearly useless. Over 50,000 units of 75 merchandise items would be placed in inventory for planned sale the day of the event.

The Event Is a Management Challenge

Step six of the event planning sequence is the total event plan itself. Bringing together the first five steps to utilize the resources of management and the skills of the local general manager in coordinating the needs of each area is indeed a management challenge. Events of this type have no dry runs, rehearsals, or other opportunities to practice what will be done. The only opportunity to see how sound the plan is or how well it will be effected is the day of the event.

Recreational food service is big business. SuperBowl XXI was planned and effected by experts. The contract management company responsible for the event was Service America, a subsidiary of Allegheny Beverage Corporation, one of the major national contract management companies in the industry.

They planned and effected the service of over 2,000 workers to sell over 24,000 gallons of beer, 14,000 gallons of soft drinks, 50,000 hot dogs (enough to stretch over three miles if placed end to end), 5,000 catered meals, 1,000 lunch boxes, 25,000 souvenir shirts of various kinds, and numerous other services.

They provided a service to 101,500 football fans as a routine management effort for the recreational food service industry and it was accomplished in a professional management manner.

Food service management is a technical science. Recreational food service management is an expansion on that base, with magnified extremes requiring skilled managers well versed in their field; \$3 million of sales volume in one day is indeed big business.