

Industry Guidebook: Hospitality and Tourism



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**Produced for the WEIC Task Force of the Colorado Workforce Development Council by
Corporation for a Skilled Workforce**

Purpose of This Guidebook

This Hospitality and Tourism Industry guidebook was developed as a resource for workforce practitioners and intermediaries, and their partners, as they design and implement sector initiatives in their regions. Sector strategies, or regionally targeted industry strategies as they are sometimes known, have become a well established and effective strategy to enhance the economic competitiveness of regions and states. The intent of this guidebook is to provide data, information, resources and trends about the industry sector at the national and state levels; so that public partners can gain a more in depth knowledge of the sector. It is not intended to be a comprehensive listing of all Colorado resources and organizations, but rather a starting point for more research at the state and regional level. Users are encouraged to spend time reviewing this guide and exploring the links to state level reports, industry web sites and other resources. The links are rich with data and industry information, and many change over time as sector trends and issues change. Successful intermediaries and sector public partners should strive to be as knowledgeable as possible about the target industry and its challenges so that they can more effectively communicate with their business partners and better understand the needs of the industry. This guidebook is intended to provide a strong foundation to start you on this journey of sector knowledge acquisition.

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Overview of Industry

Did You Know?

- The most common format for gaming is casino hotels, which provide lodging, food, and entertainment for guests in addition to the gaming.
- Colorado consumers spent \$816.13 million on gambling in 2007. Over the last ten years, this revenue volume represents an increase of 70.4% from \$4.79 million.
- The industry group National Ski Areas Association runs a green power program which promotes the use of renewable energy sources and purchase of carbon offsets under its Sustainable Slopes and Keep Winter Cool initiatives.
- The American Hotel and Lodging Organization surveyed hotel employees to identify causes and remedies for high employee turnover. The five internal causes for turnover were “pay, communication problems, lack of advancement opportunity, lack of recognition for a job well done, and poor conflict management.”
- Many employees seek work in hospitality not for long-term career prospects but because of the availability, flexible scheduling and relatively low skill requirements that entry-level positions provide.

By the Numbers: Hospitality and Tourism Employment in Colorado

There were 260,686 people employed in the hospitality and tourism industry in Colorado in 2007, an increase of 10% since 2003, 1% greater than the state’s overall employment growth rate of 9%.

Food Services and Drinking Places

184,128 workers - 70.6% of hospitality and tourism employment in Colorado (7.9% of total employment)

Average weekly wage of \$288

Projected growth of 17.9% through 2016 (compared to 18% statewide)

Accommodation

41,670 workers - 16% of hospitality and tourism employment in Colorado (1.8% of total employment)

Average weekly wage of \$467

Projected growth of 11.5% through 2016 (compared to 18% statewide)

Amusement, Gambling & Recreation Industries

34,887 workers – 13% of hospitality and tourism employment in Colorado (1.5% of total employment)

Average weekly wage of \$398

Projected growth of 31.4% through 2016 (compared to 18% statewide)

Source: Office of Labor Market Information of the Colorado Department of Labor and Employment

Introduction

This guidebook covers four specific industries that are crucial to the Hospitality and Tourism Industry in Colorado:

- **Hotels and Lodging.** Facilities in this sector include convention hotels and motels, vacation resorts, residential and extended stay hotels.
- **Restaurants and Food Service.** Facilities in this sector include restaurants, cafeterias, carry-outs, and other eating establishments.
- **Gaming.** While gaming consists of state lotteries, charity bingo, and casino gambling, this guidebook will focus on casinos only. Casino hotels represent an important subsector of the hotel and lodging industry.
- **Ski resorts.** Ski resorts represent both entertainment, and through their extensive use of lodging and dining options, represent an important component of the hotel and lodging industry in Colorado.

Hospitality and tourism overlap, with hospitality (hotels, lodging, restaurants) playing an important role in the tourism industry, while also having a significant portion of business that is not tourism-related. This report looks at the entire range of the hospitality industry, and focuses in on two particular tourism related industries that are particularly relevant to Colorado.

All four of these sectors share general characteristics:

- Dependence on healthy economy and consumer spending
- Generally low paid entry-level jobs, with high turnover
- Capital intensive
- Dependant on customer trends

Colorado Hospitality and Tourism Industry

In Colorado, the tourism industry has a combined annual revenue of about \$6 billion dollars. This figure includes, but is not exclusive to, the four areas described in detail in this guidebook. Accommodations (roughly the lodging industry covered in depth below) is a \$9 billion dollar industry in Colorado. CO tourism, broadly, employs about 93,900 people with an annual payroll of about \$2 billion. It contributes \$10 billion to the gross state product, representing 4% of Colorado's total gross state product.

In general, trends at the national scene are also impacting Colorado businesses.

Due to the industry's reliance on entry-level workers, changes to minimum wage laws can have a significant impact on the industry. Colorado's state minimum wage was raised in 2006. The minimum wage is tied to inflation through annual indexation to the Consumer Price Index. Critics argue that the U. S. Bureau of Labor Statistics uses a western CPI that references only big cities in Colorado, and is therefore not representative of the state overall.

US Hospitality and Tourism Industry

Lodging Overview

This \$90 billion dollar industry consists of 30,000 companies that operate about 50,000 locations nationally. Most hotels or motels are part of large chains such as Hilton Hotels, Starwood, and Marriott

International. A typical hotel has about \$7 million in revenue and 100 employees. (Casino hotels are covered in the gaming section.)

Demand is driven by business (about 60%) and tourist (40%) travel. Since many costs – like facility costs – are fixed, profitability depends on efficient operations and marketing. Room fees account for about 70% of revenue, food 15% and alcohol 5%. The industry’s gross profit margin is about 80%. Because the industry is capital intensive, operators are sensitive to capital availability and interest rates.

The industry’s capital intensive nature and marketing efforts are inter-related. Hotels and motels target various market segments to differentiate their product, control marketing messages, and control costs. Changing consumer preferences, the need to stand out in the marketplace, and heavy usage of facilities drives continual refurbishment of hotel and motel properties. Hotels spend millions each year on updating their facilities. Marketing efforts are heavily related to hotel facilities’ cleanliness and room amenities. Marketing and reservations are driven through travel websites and travel agents. Most travelers book their rooms through travel websites. Travelers expect to see hotel descriptions, pictures, and descriptions of services online, plus the ability to reserve the room electronically. Loyalty programs are critical to effective marketing efforts, producing recurring revenue, and maintaining customer base size and accuracy. Loyalty programs are marketed heavily to guests.

Continued market segmentation influences capital investments and marketing efforts. As part of the industry’s continued efforts to woo business clients, more corporate services are being offered, such as wireless internet access, more business services, and more meeting rooms. Many hotels offer customized meeting packages to draw convention or large business meeting groups. A more recent market segment is the increase in “designer” brand hotels. These hotels are often high end, exclusive, and small enough to feel like a boutique, one-of-a kind experience.¹

Restaurant Industry Overview

At \$400 billion nationally, the restaurant industry is highly fragmented. The 50 largest companies hold just 20% of the market. It includes full service restaurants, such as fine dining and family dining, and quick service restaurants, which include fast food and fast casual. Fast casual is a relatively new term in the restaurant industry, and refers to those restaurants that bridge the gap from full service to fast food restaurants. The category includes restaurants where customers pay and order at the counter, but their

Hospitality and Tourism Workers

Top 5 Occupations Requiring On-the-Job Training

1. Waiters and waitresses
2. Restaurant cooks & food preparation workers
3. Maids and housekeeping cleaners
4. Bartenders
5. Dishwashers

Top 5 Occupations Requiring Experience or Post-Secondary Education

1. Supervisors/ managers of food preparation and serving workers
2. Fitness trainers and aerobics instructors
3. Lodging managers
4. Chefs and head cooks
5. Slot key persons

Top 5 Occupations Requiring a BA or higher

1. General and operations managers
2. Accountants and auditors
3. Chief executives
4. Meeting and convention planners
5. Public relations specialists

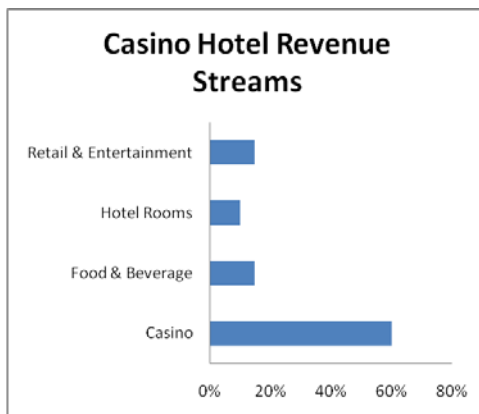
food is delivered to their table. Customers of fast casual restaurants are more likely to eat in the restaurant than patrons of fast food restaurants.

The restaurant industry consists of independently operated establishments, chains and franchises. A well established, full service restaurant can generate between \$3-5 million annually. For full service restaurants, food/beverage and payroll are each about one third of sales. Gross margins are about 60% of sales. Computerized systems are common throughout the operations of a food service establishment. Such systems are used to track inventory, determine menu item profitability, process orders, and track food preparation times.

The restaurant industry is highly dependent on consumer discretionary spending. Young adults without children are most likely overall to dine out. Young men are an important target audience for quick service operations, while tourists are mostly likely to visit full service establishments. Households with children commonly order takeout. The average check depends on the type of dining establishment. Full service casual dining establishments average about \$18 per check. Full service, high end checks can average over \$100 per check. Fast food checks average \$5-6 dollars, fast casual \$7-\$10 dollars.²

Gaming Overview

At \$85 billion, the gambling industry is highly concentrated with 60% of the revenue going to the top 20 companies. The industry consists of about 500 commercial casinos and 150 Indian casinos. Commercial casinos take in about \$35 billion annually, Indian casinos about \$25 billion, state lotteries about \$20 billion, and the rest comes from horse racing, bingo, charities, and bookmaking. The operations of a gambling house require purchase and upkeep of gaming machines, managing facilities where gamblers play, hiring and supervising dealers and cashiers, and providing an entertaining environment. Operating licenses require payments to the state of gross revenues, often in the range of 20-25%. Casinos on Indian land are regulated by the Indian tribe, but must also have a revenue sharing agreement with the state.



Demand for gambling is driven by the economy and consumer spending. The median household income of a gambler is \$59,734 dollars, about 17% more than the median for all Americans. Communities, public officials, and others generally find the introduction of casinos to have a positive economic impact. This issue has been studied extensively at the local and national level. In the late 1990s, Congress commissioned a study on gaming impacts, known as the National Gambling Impact Study Commission (NGISC). Generally, communities with casinos have higher lodging and hotel sector earnings than communities farther away from casinos.

The most common format for gaming is casino hotels, which provide lodging, food, and entertainment for guests in addition to the gaming. 50 to 60% of the revenue comes from the casino, 15% from food and beverages, 10% from hotel rooms, and the remaining 15% from retail, shows and other entertainment.

Revenue is generated by regular gamblers who bet small amounts often. Because these gamblers lose money overall, casinos market gambling as entertainment, making losing fun. However, concerns over casinos' role in contributing to compulsive gambling in the popular press have contributed to negative

public sentiment about compulsive gambling. The industry has responded by funding recovery program

Colorado Gaming Regulations

The Colorado Division of Gaming, a division of the Colorado Department of Revenue, is responsible for the regulation and enforcement of limited gaming. Among the Division's duties is the investigation of gaming license applicants, who must submit to a thorough background review. The Colorado Limited Gaming Control Commission is a five-member regulatory body appointed by the Governor. By statute, the Commission is responsible for promulgating all the rules and regulations governing limited gaming in Colorado, including the establishment of the gaming tax rate. The Commission also has final authority over all gaming licenses issued in the state. The Division of Gaming is a cash-funded organization, meaning no general tax dollars are used for its operation or expenses. The Division operates on the revenues generated from the gaming tax, application and license fees, any fines levied by the Division and other miscellaneous revenues.

Before any monies are distributed via the Limited Gaming Fund, the expenses of running the Commission and the Division of Gaming must be paid and two months of operating expenses for the Division must be placed in escrow. After these obligations are met, the remaining money is distributed according to the following Constitutional formula.¹

- 28% to the State Historical Society
- 12% to Gilpin and Teller counties
- 10% to Black Hawk, Central City and Cripple Creek
- 50% to the State General Fund

The allocation of the 50% State General Fund share is controlled by statute.

The industry paid \$115.4 million to the state via taxes in 2007.

research and promoting responsible gambling.

Ski Industry Overview

The ski industry in the U.S. earns annual revenues of \$2 billion, not including hotels or real estate. (This report uses "ski" in reference to all kinds of snow sports: alpine, downhill, cross country and snowboarding, except where explicitly stated). About 350 ski companies operate just over 400 locations. Major companies include Intrawest, Vail Resorts, and Booth Creek. A highly concentrated industry, the 50 largest firms earn more than 80% of industry revenue and own 20% of ski facilities. The industry is heavily regulated regarding land and water use, particularly if the land is U.S. Forest Service land. Over 60% of ski facilities operate year round. The ski season lasts from mid-November to mid-April. During the summer, facilities offer mountain biking, hiking, fishing, and host conferences or retreats.

Demand is driven by good snow conditions and personal income. U.S. skier visits have held steady at about 50 million per year nationally over the last few years. In fact, 2006-07 was a record year for ski resorts, driven by good weather and a weak dollar, which increased the percent of international visitors.

Revenue comes from usage or admission fee – like lift-tickets (at 60%), food and beverage sales (under 15%), instruction fees (10%), and merchandise and equipment rentals (10%). Revenue is highly seasonal, with peak revenue occurring at the end-of-year holiday period. Sales growth comes from attracting new skiers to the sport, stealing share from other facilities, and increasing revenue per skier visit.

Ski resorts are dependent on good snow and water. When snowfall is inadequate, facilities generate snow through snow making machines. 75,000 gallons of water are needed to cover a 200 by 200 square foot area in six inches of snow. Ski facilities use water agreements with nearby towns, affected states and federal agencies when ski resorts are on federal land. Snowmaking can account for 20% of operating costs, even with good snow conditions. Snowmaking equipment, grooming, and chairlift operations use huge amounts of energy.

The ski industry has several target markets. Families with children account for a large portion of “destination” skiers, people who fly to a location to ski for a week or more on vacation. Single adults are often day skiers, people who drive to a ski resort for a day of skiing. Nationally, day skiers are slightly more likely to be snowboarders, but in destination resorts like those in Colorado, day skiers are slightly more likely to be downhill skiers. Skiing is an expensive sport. One-day lift tickets cost anywhere from \$50-\$100, or more in resort locations. Add in costs such as food, beverage, and incidentals and costs can exceed \$100 per day. The average household income of families who ski is \$85,000, double the median household income.³

Industry Trends and Challenges

This section outlines a number of trends and challenges which occur nationally and at the state level. State examples are given throughout.

Lodging trends

Increase in sustainability/green

The most pronounced trend nationally in the lodging industry is the “green/sustainability” trend. Most hotels have adopted conservation programs like voluntary laundry reduction practices (place this card here if you would like your sheets replaced during your stay), which reduces costs and benefits the environment. Other hotels have established more extensive “green” programs which they hope to use as differentiators in the market. The American Hotel and Lodging Association has a certification program with inspections. The recent 2008 Democratic National Convention in Denver had a heavy emphasis on “green” lodging, including giving away keycards made of wood. However, some hotel chains find that customers don’t want environmental precautions that would preclude a feeling of luxury.

The industry sees two key benefits to this trend:

- **Cost reduction:** Hotels are incredibly energy intensive. Hot water accounts for 10% of energy use, heating accounts for 20-40%, and electricity uses up the rest. Energy usage is not particularly related to occupancy, so a decrease in guests does not create a similar decrease in energy use. Guest programs tend to be voluntary and involve less frequent changing of bed linens and towels which can have a significant impact on water and utility use. Installation of energy-efficient lighting alone can create over \$6 of utilities savings for every \$1 spent (EPA).
- **Marketing tool:** Many consumers are interested in the hospitality industry’s efforts to reduce, reuse, and recycle. Environmental initiatives are a common source of positive guest feedback.

A number of hotels and resorts in Colorado invest in “green” practices through recycling materials, reducing energy usage, or changing cleaning processes. The Colorado Tourism board posts examples at www.colorado.com. In one example, the Broadmoor in Colorado Springs focuses on pillow renovation using a machine called a Pillow-Vac®. With 593 rooms – each with six bed pillows – and 107 king and luxury rooms with nine pillows each, the Broadmoor utilizes more than 4,500 pillows on a daily basis. Over time, pillows tend to become flat and lose their bounce, regardless of the filling. Feathers disintegrate, leaving dust. The contents of the old pillow are emptied into a tumble chamber in the machine that exposes everything to germicidal lights while breaking up clumps that have formed. It fluffs up the down clusters, and sifts out the dust that has been trapped in the pillow. If it is a feather and/or down pillow, more new filling is added to bring it back to the density of a new pillow. At the end of the cycle, all the filling is blown back into a new, 100 percent cotton feather- and down-proof ticking. The entire process takes an average of three to four minutes per pillow. According to the Broadmoor, it has had to purchase only a few hundred new pillows per year as a result of using the Pillow-Vac®⁴.

The move to “green” can also be seen in commercial development projects in Colorado. Snowmass ski resort is undergoing a major development program as part of the LEED Leadership in Energy and Environmental Design) Pilot Neighborhood Development certification program. The neighborhood design program synthesizes concepts from the U.S. Green Building Council, the National Resources

Defense Council and the Congress for New Urbanism. To achieve the standard, a neighborhood development must score points in three areas: smart location and linkage, neighborhood pattern and design, and green construction and technology. Related West Pac is the developer in charge of the \$2 billion, 80 acre real estate development of Snowmass Base Village. All new buildings are being designed to obtain LEED certification at a minimum, and the Viceroy Snowmass is being designed as one of the country's few silver LEED-certified hotels. According to the developer, it will create a community with seamless pedestrian-oriented neighborhoods designed with walkable destinations and gondola people-movers that allow for limited auto usage.⁵ Not to be outdone, Vail Resorts, Inc. announced in October 2008 that its \$1.5 billion planned Ever Vail village development project to be located in the westernmost base area of Vail Mountain, has been awarded the highest rating possible – Platinum – under the first stage of LEED for the Neighborhood Development rating system.⁶

Worsening economy threatens profitability

Because travel is linked to discretionary business and tourist travel, the contracting economy signals a likely downturn in occupancy rates. Falling airline sales are a leading indicator of hotel and motel downturns. Rising energy prices and the worsening economy are likely to intensify the trend towards sustainability since a large focus of that effort is energy efficiency and cost reduction.

Increase in time share resorts

The time-share concept is taking off in the hotel industry. Rather than renting rooms on a per night basis, hotels sell customers the right to use the room for a certain number of weeks per year. When the rooms are not being used by the owner, the hotel rents the room out to other guests. Owners and guest receive typical hotel services such as housekeeping, room service, and maintenance. A number of high-end ski resorts in Colorado follow this model.

Extending revenue through merchandising

Hotels are offering the furniture and decor items used in the hotel room to customers for sale. This merchandising practice can add revenue and extend hotel's brand with little marketing cost.

Restaurant Trends

Rising food prices

The rise in food costs and inflation has been driving up restaurant prices. Commodity markets such as grain types can impact the cost of beef and poultry since these commodities are inputs into meat markets. Wholesale prices for eggs, milk, and flour have risen dramatically in the last two years. Food costs can be volatile.

Declining economy

The downturn in the economy in the latter part of 2008 is hitting casual restaurants hard; this industry had too many similar players. Many are undergoing brand renovations to differentiate themselves, while others such as Bennigans and Steak & Ale, are going bankrupt.

Increase in healthy/organic eating

Consumers show an increasing emphasis on healthy eating. Driven by a New York City law banning trans fats, many localities are considering regulations forcing restaurants to post calorie and fat information.

Consumers also link ingredient contamination to health concerns. An outbreak of a disease like salmonella in an ingredient can scare consumers from the market and upset a company's supply source. Likewise, consumer concern about health has the restaurant industry looking for organic and sustainably grown food. A similar trend is emerging in "small" food. Restaurants offer more mix and match type plates, such as tapas, where customers order a variety of small samplers and share. This approach allows customers to control the volume of food they eat more easily.

"Sustainable" restaurants are a growing trend. Such restaurants often purchase locally grown food, use organic food, and run their operations to be energy efficient. Rock Resorts/Vail Resorts Hospitality launched its sustainable food program, known as Appetite for Life, in late 2007. A key element to the program is sourcing food locally. It partners with Coleman Natural Foods for meat and Horizon Organic for dairy products. According to the company, one of the biggest challenges in starting the program was finding suppliers who could meet the large demand and seasonal schedule of the resorts. Vail Resorts says it will serve more than 447,000 pounds of Coleman meats and nearly 189,000 pounds of Horizon Organic butter, cheese and yogurt, plus 64,000 gallons of certified organic milk and cream. Its five mountain resorts serve more than 2.5 million lunches each ski season at approximately 40 on-mountain venues.⁷

In a related twist, culinary education, primarily focused on classical training, has not kept up with the trend that requires chefs to know more details about the food supply chain. The private culinary school Culinary School of the Rockies, located in Boulder, organized a culinary externship dedicated to the sustainable food movement. Called "Farm to Table," the 5 week program experience gives students the chance to work on local farms and work with chefs who source local foods.⁸

Increasing competition from alternatives

The industry is facing increasing competition from ready-made meals available at grocery stores, often at competitive prices. The sale of sandwiches and other lunch type foods at gas stations, convenience stores, and delis cuts into the restaurant lunch market. Prepared meals sales grew 5% from traditional outlets from 2005-2007, while restaurant traffic grew only 3%. In order to compete, restaurants have increased their take-out options. Family dining restaurants like Applebees are offering specialized take-out parking spots. Take outs tend to have a lower check sale than dining in, so restaurants may offer side and drink specials to drive up the sale.

Gambling Trends

In Colorado, gaming may only be conducted in the historic districts of Black Hawk, Central City and Cripple Creek. Only poker, blackjack and slot machines can be offered. The maximum amount of any single wager had been limited to five dollars. In November 2008, Colorado voters approved Amendment 50, which means that maximum bets will rise twentyfold - from \$5 to \$100. The amendment allowed residents of former mining towns - Central City, Blackhawk and Cripple Creek - to decide whether they want to relax casino rules. Cripple Creek followed up with a Dec. 17, 2008 election that overwhelmingly gave local casinos the green light to raise minimum bets, stay open 24 hours a day and add craps and roulette, starting July 2009. The state's community colleges will receive more than three-quarters of the additional gambling tax revenue.⁹

According to an industry report for the state of Colorado,¹⁰ the industry employed close to 8,000 people in 2007, an increase from the year before. Colorado consumers spent \$816.13 million on gambling in 2007. Over the last ten years, this revenue volume represents an increase of 70.4% from \$4.79 million.

Revenue declining due to economy

Business at Colorado casinos has dropped significantly over 2008. As of September, 2008 Cripple Creek gaming revenues fell 10.3% to \$12.8 million compared to the same month in 2007, according to the state Division of Gaming. Statewide, gaming revenue was off 18.7% in September and 11.4% for the year to date.¹¹ A recent smoking ban has been blamed for the decline, though high gas prices and the slowing economy are also factors. During the last recession, industry jobs fell by 6% nationwide. The industry is hoping that the passage of Amendment 50, described above, will jumpstart consumer interest.

Increasing use of gaming cards and loyalty programs

Like the hospitality industry, casinos use reward customers and increase customer interaction. Electronic gaming cards allow casinos to track customer machine usage, spending, and preferences.

Increased courting of business segment

As tourist volume slows, casino hotels are marketing their locations for business meetings and conventions. Business meetings drive up hotel occupancy rates and restaurant revenue, as well as increasing gaming revenue.

Ski Industry Trends

In Colorado, there were 12.5 million skier visits in the 2007-08 season. The overall volume of skier visits in Colorado has increased from 11.3 million a decade ago. Colorado boasts “destination” ski resorts such as Vail and Aspen – which often generate a significant portion of their revenue from out-of-state visitors – as well as local resorts like Echo Mountain that cater to Colorado residents. The worsening economy over the 2008-09 ski season has impacted these two types of resorts differently. Destination resorts are facing revenue declines, fewer ticket sales, and fewer advance sales of resort packages. Local resorts, on the other hand, are reporting sales equal to the 2007-08 season. These resorts are often within driving distance of local residents, meaning customers can avoid airfares and hotel costs. These resorts tend to have lower prices than the destination resorts, and are often considered affordable by local residents.¹²

Unfavorable demographics & declining participation long term

Singles under age 34 and active families with children represent the industry’s key demographic, but those populations are not increasing. In addition, overall ski participation has been declining over the last decade. Snowboarding is the only area of skiing which has seen considerable growth. The industry currently converts only 15% of first time skiers into long term participants.

Consumer backlash to mega resorts

Publically traded corporations have dominated the growth of ski facilities in the last decade. Local communities find that local restaurants and shops are negatively affected. In addition, cost of living increases are associated with the development by the large companies, which has priced out local residents from housing and using the ski resorts.

Business diversification

Ski resorts are expanding into full year-round resorts, offering hiking and biking during the summer months. Facilities compete to hold conferences and weddings. Ski resorts are also experiencing the rise of time-shares described in the earlier hotel section.

Use of more renewable energy

Ski areas generally don't emit a lot of green house gasses, but they are affected by them – global warming shortens the ski season, as rising global temperatures decrease snowfall and mountains warm faster than low lying areas. The industry has released guidelines to reduce green house gas emission. The industry group National Ski Areas Association runs a green power program which promotes the use of renewable energy sources and purchase of carbon offsets under its Sustainable Slopes and Keep Winter Cool initiatives.

According to the group, in Colorado, the following resorts participate in offsetting 100% of energy use: Arapahoe Basin, Aspen Highlands, Aspen Mountain, Beaver Creek, Breckenridge, Buttermilk, Copper Mountain, Crested Butte, Keystone, Snowmass, Vail Mountain, and Wolf Creek. However, critics charge that the industry could do more, or in a particular example, less, considering that adding trails as part of a corporate growth strategy requires cutting thousands of trees.

The industry group National Ski Areas Association runs a green power program which promotes the use of renewable energy sources and purchase of carbon offsets under its Sustainable Slopes and Keep Winter Cool initiatives.

Workforce Issues

Lodging Workforce

Labor is a significant operating expense. Management positions require professional degrees in hospitality or business administration, but most hotel positions are low skilled.

Labor shortages & high turnover

The Center for Hospitality Research at Cornell's School of Hotel administration estimates that turnover runs at about 60% of entry level line workers and 25% for managerial staff. Hospitality labor shortages are commonplace and in peak seasons workers are often asked to work double shifts or overtime to meet the basic needs of hospitality facilities. Unions are active in this industry. Many companies use immigrant workers or undocumented workers. Internship programs for foreign students have been another source of hospitality staffing on a seasonal basis.

The American Hotel and Lodging Organization surveyed hotel employees to identify causes and remedies for high employee turnover. The five internal causes for turnover were "pay, communication problems, lack of advancement opportunity, lack of recognition for a job well done, and poor conflict management." The top 5 external causes for turnover were "better pay elsewhere, better wages in other industries, low unemployment, a strong regional economy, and low quality of employees overall."

An analysis of turnover of managers in the hospitality industry revealed that they sought the following from their employers:¹³

- Challenging job opportunities- particularly career growth through increasingly challenging assignments
- Competent leadership
- Fair compensation

While these results are no different from what one would expect in other industries, they do reinforce that succession planning, good performance

Job Spotlight: Lodging Managers

Lodging establishments can vary significantly in size and in the number of services they provide. These factors affect the number and type of lodging managers employed at each property.

Lodging managers have overall responsibility for the operation and profitability of the hotel. *Front office managers* coordinate reservations and room assignments and train and direct the hotel's front desk staff. *Convention services managers* coordinate the activities of various departments to accommodate meetings, conventions, and special events.

Most large, full-service hotel chains usually hire people who have a bachelor's degree in business, hotel, or hospitality management for management trainee positions. At other hotels, especially those with fewer services, employers look for applicants with an associate degree or certificate in hotel, restaurant, or hospitality management along with experience. Hotel employees who do not have hospitality training or a college degree but who do demonstrate leadership potential and possess sufficient experience may be invited to participate in a management training program sponsored by the hotel or a hotel chain's corporate parent.

Large hotel chains may offer better opportunities for advancement than small, independently owned establishments, but relocation every several years often is necessary for advancement.

Source: 2008-2009 Occupation Outlook Handbook, Bureau of Labor Statistics

management, and effective pay systems are effective tools in hospitality management.

Non-resident immigrant workforce

Since the hotel work is labor intensive and generally low paid, hotels often struggle to find employees and many medium to large businesses look to employment of immigrants with temporary work visas. The most appropriate visa for the industry is the H-2B visa, but there are far too few to meet demand nationally, even with restrictions being loosened somewhat in 2005. The industry is generally supportive of expanding the H-2B visa program, which allows more temporary workers in to the U.S. Expansion of the program would allow for more visas to hire workers legally. Due to the shortage of visas, employers do hire undocumented workers. Penalties for employing undocumented workers have increased, and employers are urged to take steps to verify the employment status of all job candidates. Still, almost two million workers are employed illegally in the U.S. in hospitality and cleaning industries, or over 17% of the workforce.¹⁴

Many employees seek work in hospitality not for long-term career prospects but because of the availability, flexible scheduling and relatively low skill requirements that many entry-level positions provide.

Hospitality and the first job phenomenon

It should be noted that many employees seek work in hospitality not for long-term career prospects but because of the availability, flexible scheduling, and relatively low skill requirements that many entry-level positions provide. These are often young people looking for summer or weekend work, or recent immigrants whose limited English proficiency or educational attainment keeps them from qualifying for higher-wage work.

Training & Education

Educational institutions offer a range of certificates, bachelors, and masters degrees in hotel administration. With the high level of turnover, training workers is a constant. Training programs on customer service and quality standards are often available online, 24/7. In addition, many aspects of a hotel's operation include technology components, so many jobs require training in some sort of IT.

- **Training through national professional associations:** The Department of Labor's Career Voyages website lists professional organizations that also offer training services in lodging or restaurants and food service. <http://www.careervoyages.gov/hospitality-links.cfm>
The American Hotel and Lodging Educational Institute offers a variety of certifications ranging from executive level through food service. Training is offered through a variety of methods including online, distance learning, and seminars. <http://www.ei-ahla.org/>
- **Post-secondary certificate and Associate Degree programs:** Many community colleges offer hospitality industry-related programs including food service, massage, and hospitality administration, sales and marketing. A list can be generated at the Career Voyages site (see above).
- **Four-year colleges and graduate programs:** These programs tend to focus on management within the hospitality sector.

Restaurant Workforce

Most entry level jobs in the restaurant industry are low skilled and low paid, at or just above minimum wage. Tips are an important percentage of a worker's take home pay. Skilled jobs such as restaurant

manager, executive chef, and sommelier pay far more. Executive chefs in exclusive restaurants can make close to \$100,000. Restaurant managers average \$40-55,000 in salary.

Similar to the hospitality industry, high turnover and varying immigration policies impact restaurants' ability to prepare and serve food. The industry faces a continuing shortage of young workers. The number of 16-24 year olds is expected to remain flat through 2014. Many restaurants rely on undocumented workers for labor. Recruiting and retaining entry level workers is a constant challenge due to low pay. Some professional organizations, such as the Colorado Restaurant Association <http://www.coloradorestaurant.com/>, offer scholarships through their educational foundation arms.

Gaming Workforce

Most employees work at casino hotels as regular hotel employees. Similar to the lodging industry, pay is low and turnover high. Thus, many of the workforce trends associated with the lodging industry apply to casino hotel workforce. Due to the expansion of casino hotels over the last decade, there is a shortage of experienced casino employees. Consistent and effective line management is critical to customer service excellence. Good managers are highly sought after in the industry as a result.

Training

Employees who work in the gaming area are specially trained and need regulatory approval to work in the area. Training includes on the job supervision and monitoring when an employee starts work. Incumbent training in the form of refresher courses is common. The courses cover gaming knowledge and customer service.

Professional associations and postsecondary institutions provide a variety of training. For example, the National Indian Gaming Association (<http://indiangaming.org>) offers these training opportunities:

- **NIGA Gaming Management Training Program**, administered by the Conrad Hilton College of the University of Houston. <http://www.indiangaming.org/events/seminar/gaming-management.shtml>
- **Professional Certificate in Hospitality Management**. In conjunction with the George Washington University Department of Tourism and Hospitality Management, the NIGA Seminar Institute offers a three-part certification. <http://www.indiangaming.org/events/seminar/hospitality.shtml>
- Training on how to becoming a **certified gaming commissioner**. <http://www.indiangaming.org/events/seminar/commissioners.shtml>

In addition, the Colorado Division of Gaming Training Program –coordinated through the Colorado Department of Revenue – provides training to Colorado casinos to meet their specific needs.

Ski Workforce

Ski facilities require a skilled workforce. Chairlift operators, grooming machine operators and other machinery related positions require some training. Ski instructors and rescue teams require knowledge about the sport, safety regulations, and healthcare emergency information. In high density ski areas, regional universities offer snowsport courses that cover sport instruction, business administration, and other topics.

Because skiing is seasonal, turnover is high. In the off season, facilities lay off workers, keeping a small core. Early season attrition of workers is also an issue. The industry increasingly uses third party job websites specific to the industry to recruit and hire workers.

Training

Industry certifications and onsite training are common in this industry. Safety and emergency training is especially important to mitigate liability from skier injuries. The Professional Ski Instructors of America offers levels of certification. The association has a relationship with Gonzaga University in which PSIA-AASI members may earn college credit and/or professional development credits for passing certification exams. This program has been in place since 1998.

Resources

Colorado Office of Tourism. Provides industry reports.

<http://www.colorado.com/IndustryPartners/QuarterlyTravelAndTourismIndicator.aspx>

Lodging Websites

Associations

American Hotel and Lodging Association. AH&LA is a national association representing all sectors and stakeholders in the lodging industry, including individual hotel property members, hotel companies, student and faculty members, and industry suppliers. AH&LA provides members with national advocacy on Capitol Hill, public relations and image management, education, research, and information. AH&LA is partnered with 43 state associations to provide local representation and additional cost-saving benefits to members. <http://ahla.com/>

American Hotel and Lodging Educational Institute. For more than 50 years, the Educational Institute (EI) has provided industry-tested, research-driven hospitality training resources worldwide. EI meets its education and training mission by using the Internet, videos, DVDs, textbooks, study guides, seminars, and professional certification to train all levels of personnel. <http://www.ei-ahla.org/>

Mountain Travel Research Program. The company offers a comprehensive, industry-wide research initiative, created for travel marketing and management executives of tourism-dependent businesses in mountain resorts and public sector organizations such as Chambers of Commerce and tourism bureaus. <http://www.mtrip.org>

National Retail Federation. Offers training in customer service and other areas.

<http://www.nrf.com/content/default.asp?folder=foundation&file=rsc.htm>

Colorado Hotel and Lodging Association. CH&LA provides hotel owners with information, legislative representation, competitive services and products, staff training, marketing programs, and resources. <http://www.coloradolodging.com/>

Newsletters and Magazines

Hospitality Net. <http://www.hospitalitynet.org/index.html>

Hotel and Motel Management. <http://www.hotelmotel.com/>

Lodging Magazine. <http://www.lodgingmagazine.com/ME2/Default.asp>

Restaurant Hospitality Newsletter archives and subscription information. <http://www.restaurant-hospitality.com/newsletter/>

Green Lodging News has a biweekly e-mail newsletter, <http://www.greenlodgingnews.com/>

Restaurant websites

Associations

National Restaurant Association. The National Restaurant Association represents more than 380,000 member restaurant establishments. <http://restaurant.org/>

NPD. The NPD Group, founded in 1967, is a global provider of consumer and retail market research information for a wide range of industries. They provide consumer behavior and point-of-sale (POS) information and industry expertise across many industries. http://npd.com/corpServlet?nextpage=corp_welcome.html

Restaurant Owner. Offers hundreds of how-to articles and downloadable forms, checklists, manuals, and other templates; plus online seminars, audio programs, restaurant business plan resources, and more. <http://restaurantowner.com/>

Colorado Restaurant Association. The Colorado Restaurant Association (CRA) is a trade organization for the state's dynamic foodservice industry. Together with the CRA Education Foundation, the CRA represents, educates and promotes an industry comprised of more than 10,000 eating and drinking establishments. <http://www.coloradorestaurant.com/>

Newsletters and Magazines

Homegrown Colorado. <http://homegrowncolorado.blogspot.com/>

Nation's Restaurant News. <http://www.nrn.com/>

Restaurant Finance Monitor. <http://restfinance.com/>

Gaming Websites

Associations

American Gaming Association. The AGA represents the commercial casino entertainment industry by addressing federal legislative and regulatory issues affecting its members and their employees and customers, such as federal taxation, regulatory issues, and travel and tourism matters. <http://americangaming.org/>

Association of Gaming Equipment Manufacturers. AGEM is an international trade association representing manufacturers of electronic gaming devices, systems, and components for the gaming industry. <http://agem.org/>

National Center for Responsible Gaming. The National Center for Responsible Gaming is the only national organization exclusively devoted to funding research that helps increase understanding of pathological and youth gambling and find effective methods of treatment for the disorder. The NCRG is the American Gaming Association's (AGA) affiliated charity. <http://ncrg.org/>

National Indian Gaming Association. Nonprofit organization of 184 Indian Nations engaged in tribal gaming enterprises. Offers a variety of training opportunities. <http://indiangaming.org/>

Colorado Gaming Association. Provides periodic educational programs to its members in the areas of employment issues, marketing, legislative developments, regulatory matters, responsible gaming/customer service, etc. <http://www.coloradogaming.com/>

Colorado Department of Revenue, Division of Gaming. Offers industry training. <http://www.colorado.gov/revenue/gaming>

Problem Gambling Coalition of Colorado. The Problem Gambling Coalition of Colorado's mission is to increase awareness, advocate treatment, and promote research and education on problem gambling. <http://www.problemgamblingcolorado.org/>

Newsletters

Michael Pollock's Gaming Industry Observer. <http://gamingobserver.com/>

Ski Websites

Associations

International Ski Instructors Association. The ISIA promotes collaboration in respect of Ski Technique, methodology, didactics, and the question of safety ensuring the highest standards of professional practice. The aim of any training must enable all candidates to give professional ski lessons. <http://www.isiaski.org/>

National Ski Areas Association. The National Ski Areas Association is the trade association for ski area owners and operators. It represents 329 alpine resorts that account for more than 90 percent of the skier/snowboarder visits nationwide. Additionally, it has over 400 supplier members who provide equipment, goods, and services to the mountain resort industry. <http://www.nsaa.org/nsaa/home/>

Professional Ski Instructors of America. PSIA is a close-knit group of full-time and part-time instructors dedicated to reaching the highest levels of performance within the snow sports industry. <http://www.psia.org/01/home/home.asp>

Ski Area Citizen's Coalition. The Ski Area Citizens' Coalition works to ensure that ski area management decisions, either by the Forest Service, the ski companies, or local governments, are responsive to the needs of real environmental protection, local communities, and the skiing public. Most volunteers and staff of SACC are skiers themselves, and recognize skiing as a valid use of public lands. Based in Durango, Co. <http://www.skiareacitizens.com/>

Snowsports Industries America. Established in 1954, SIA annually produces the SIA SnowSports Trade Show, the largest snow sports industry trade show and networking environment, and delivers data/research, support, marketing products, services and programs. <http://www.snowsports.org/>

Unites States Ski and Snowboard Association. The U.S. Ski and Snowboard Association provides opportunities for athletes. The USSA's programs provide education, development and competition opportunities for young athletes, with from grassroots USSA club programs up through national teams and the Olympic Winter Games. <http://ussa.org/>

Colorado Cross Country Ski Association. Provides up-to-date and complete information about Cross Country Skiing, Nordic Ski Resorts, Guest Ranches and Nordic Ski Clubs in Colorado.
<http://www.coloradocrosscountry.com/>

Rocky Mountain Division of US Ski and Snowboard Association (described above).
<http://www.rmdussa.com/>

Newsletters and Magazines

Colorado Ski Country USA. <http://coloradoski.com/>

Ski Area Management (Magazine). <http://www.saminfo.com/>

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FirstResearch: Gambling Operations. 2008

FirstResearch Report: Restaurants. 2008

FirstResearch: Ski Facilities. 2008

Retaining Management Talent: What Hospitality Professionals Want from Their Jobs. Center for Hospitality Research. Cornell School of Hotel Administration. 2005.

State of the States 2008. AGA Survey of Casino Entertainment. 2008.

Endnotes

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² FirstResearch Report: Restaurants

³ First Research Report: Ski Facilities

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⁵ "Related/West Pac Reveals Details of 2 Billion Snowmass Village Project." *Green Lodging News*. Sept. 19, 2007.

⁶ Vail Resorts. www.vailresorts.com

⁷ "Think Globally, Act Locally." *Lodging Magazine*. Feb. 1, 2008.

⁸ Culinary School of the Rockies. www.culinaryschoolrockies.com

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¹² "Smaller Ski Resorts Not on the Skids." Dave Philipps. *Colorado Springs Gazette*. Oct. 23, 2008.

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¹⁴ <http://www.cleanlink.com/hs/article.asp?id=4666>