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How the Seminole Tribe came to rock the Hard Rock Empire



A large, digital screen welcomes guests to the Seminole Hard Rock Hotel & Casino near Hollywood. The hotel is one outpost of a global brand with 22 hotels and one racino, and entities in 68 countries between its hotels, cafes, casinos and concert venues. **Emily Michot** emichot@miamiherald.com

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The Seminole tribe's global Hard Rock empire

The Seminole Tribe of Florida, known in South Florida for its casinos and local Hard Rock outposts, commands a network of 22 hotels (some properties are counted as two because they have separate hotels within one location), one racino in Ohio, 164 cafés, 11 casinos and five concert venues in 68 countries. Since buying Hard Rock International in 2007, the Seminole tribe has diversified and grown the brand exponentially.



Hotels opened **BEFORE** the Seminole acquisition

- 1 Las Vegas, Nevada
- 2 Chicago, Illinois
- 3 Orlando, Florida
- 4 Tampa, Florida
- 5 Hollywood, Florida
- 6 Pattaya, Thailand
- 7 Bali, Indonesia

Hotels opened **AFTER** the Seminole acquisition

- 8 Palm Springs, California
- 9 San Diego, California
- 10 Nuevo Vallarta, Mexico

- 11 Biloxi, Mississippi
- 12 Cancún, Mexico
- 13 Riviera Maya, Mexico
- 14 Panama City, Panama
- 15 Punta Cana, Dominican Republic
- 16 Ibiza, Spain
- 17 Goa, India
- 18 Cotai, Macau
- 19 Penang, Malaysia
- 20 Sentosa Island, Singapore

UPCOMING hotels

- 21 Cabo San Lucas, Mexico
- 22 Riviera Cancún, Mexico

- 23 Atlanta, Georgia
- 24 Hartford, Connecticut
- 25 Santo Domingo, Dominican Republic
- 26 Brasilia, Brazil
- 27 Caldas Novas, Brazil
- 28 Itapema, Brazil
- 29 Tenerife, Spain
- 30 Berlin, Germany
- 31 Abu Dhabi, UAE
- 32 Dubai, UAE
- 33 Dalian, China
- 34 Shenzhen, China
- 35 Haikou, China

Source: Hard Rock International

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The highway to rock 'n' roll nostalgia is a mundane tropical thoroughfare lined with pawnshops, fast-food drive-thrus and massage parlors. In a Broward suburb, South Florida's answer to Las Vegas-meets-Oz suddenly materializes. A marquee at the Seminole Hard Rock Hotel & Casino near Hollywood flashes: Australian Pink Floyd Show, coming to the Hard Rock Live!



Slot machines at the casino inside Seminole Hard Rock Hotel & Casino near Hollywood, Florida. The casino is among the five most profitable in the country. **Emily Michot** emichot@miamiherald.com

From the top of the Lucky Street parking garage, one fiefdom of the Seminole Tribe of Florida's global empire stretches out below: 18 restaurants and bars, 17 stores, seven lounges and nightclubs and two music venues between the 12-story, 500-room hotel and casino and the adjacent outdoor entertainment complex, Seminole Paradise.

What locals may not realize: The Hard Rock near Hollywood, a vast 100-acre resort on reservation land away from South Florida's top attractions, is only one small corner of a global universe stretching across three — soon-to-be four — continents.

Locally, the hotel-casino near Hollywood and Bayside's long-standing Hard Rock Cafe are the brand's most recognizable beacons. The Hollywood location made national headlines in 2007 as the site of the drug overdose death of model and TV personality Anna Nicole Smith. T-shirts from Hard Rock Cafes from Cozumel to Dubai and Fiji remain travelers' trophies, as they have for four-and-a-half decades.

In Florida politics, the casinos are the best-known of the Seminole Tribe's holdings, due in part to long negotiations over its financial agreement with the state of Florida. The tribe's gambling enterprise remains a central part of its success, largely because it has paved the way for what will likely be a large part of its legacy: the Hard Rock hotels.

Founded in 1971 as memorabilia-filled cafe hangouts for cool-seeking baby boomers, Orlando-based Hard Rock International was purchased by the tribe in 2007 from British gaming and leisure company Rank Group Plc. For the Seminoles, the nearly \$1 billion investment — one of the largest purchases ever by an American Indian tribe — was a play at going global.

The goal: strengthen the brand message, improve customer service and increase the worldwide footprint.

The strategy: innovate beyond the gaming component, with all-inclusive resorts, beach resorts, city hotels and hotel-casinos.

At the time, Hard Rock owned 124 music-themed restaurants in 45 countries, seven hotels, two casinos and two freestanding concert venues. The company had been in operation 36 years.

In the nine years since taking over, the tribe has worked to diversify its revenue streams while fine-tuning the Hard Rock experience.

The Seminole influence is in the numbers.

Now, Hard Rock owns or licenses 164 cafes, 22 hotels (and one racino), with 15 hotels under development, 11 casinos and five concert venues. The brand is now in 68 countries and has more than 80,000 pieces of music memorabilia.

Room count alone has ballooned 377 percent, from 3,511 rooms to 16,761 rooms among all properties.

Between the Seminole Gaming entities — the tribe also owns five non-Hard Rock casinos in Florida — and the Hard Rock holdings, the enterprise brings in about \$5 billion in annual revenue, said James Allen, CEO of Seminole Gaming and chairman of Hard Rock International.

And the two properties in Florida — near Hollywood and Tampa — are among the five most profitable casinos in the country. According to Allen and several hotel and gaming industry experts, Tampa is No. 1.

“We are not afraid to explore the world with this brand and many concepts just do not have the ability to go out and play and compete on a global platform,” Allen said.

Pioneering spirit

The Seminole Tribe, as a people, have long pushed the limits. As the only American tribe to refuse to sign a peace treaty with the United States, the tribe became known as the “unconquered.” And it’s the mentality that fueled its entrance into the gaming industry before any other tribe.

Leveraging South Florida’s tourism credentials, the Seminoles sought to create a business venture attractive enough to lure travelers, said Bob Jarvis, a professor of gambling law at Nova Southeastern University in Davie.

The tribe started with a high-stakes bingo hall near Hollywood in 1979, opening the hall six days a week with jackpots at more than \$100. Those practices gave the Seminole operations a distinct advantage over non-tribal halls, which were limited to \$100 jackpots and two days a week.

The legal battle that ensued ended with a district court ruling in favor of the Seminoles and then, ultimately, with the Indian Gaming Regulatory Act of 1988 in favor of all tribes. Congress granted tribes the sovereignty to create casinos on their reservations, as long as they also signed compacts with their corresponding state's government to disperse some of the casino revenue back to the states.

Since then, every Native American tribe in the U.S. has at least looked into, if not engaged in, a gambling operation, Jarvis said.

Other tribes have tried to expand to some level, with one even buying another brand: The Mohegan Indian Tribe in Connecticut bought a woman's basketball team, naming it the Connecticut Sun.

But, "in the area of a tribe leveraging its gaming experience, buying a brand and then endeavoring to maximize the value of that brand, the Seminoles stand alone," said Michael Pollock, managing director of gaming research company Spectrum Gaming Group.

The Seminoles got a taste of the Hard Rock brand power in 2004, when the tribe licensed the rights to call its two hotel-casinos near Hollywood and Tampa Hard Rock. But Seminole Gaming CEO Allen felt the tribe could parlay that potential even further by taking full acquisition of the brand.

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The move, unprecedented by a Native American tribe, was received with some trepidation by tribal elders.

"When I presented [the idea to buy Hard Rock] to the tribe, they frankly thought I was a little crazy," said Allen, a paid professional manager who has been with the tribe since 2001. Allen, who is not a Seminole, is a gaming industry veteran who previously held executive positions in companies such as The Trump Organization and the Sun International Hotel and Casino Group, which built the Atlantis, Paradise Island resort in The Bahamas.

Initially, the tribe faced 72 other potential buyers for Hard Rock, including private equity funds worth in excess of \$100 billion, Allen said.

“We didn’t have that kind of money, at all, and it was somewhat of a risk,” he said.

But on July 4, 2006, Hard Rock owner Rank Group Plc, called back to discuss the transaction. The \$965 million deal with the Seminoles became public in December 2006 with a celebration at the top of the Hard Rock Cafe in Times Square. The tribe attended in members’ traditional bright, geometric patterned garb. The announcement kicked off with a blessing by medicine man Bobby Henry in the Seminole language. The deal was finalized in 2007.

The purchase included all the Hard Rock entities — more than 100 restaurants, seven hotels, two casinos and two concert venues — except the Hard Rock Casino in London and the Hard Rock Hotel and Casino in Las Vegas, which was then held by Hard Rock co-founder Peter Morton, whose father founded Morton’s Steakhouse restaurants. (The tribe now owns the Hard Rock Cafe in Las Vegas but does not derive revenue from the hotel and casino.)

“The Seminoles have been very good at looking into the future,” Jarvis said. “They did it when they saw gambling as their salvation and they did it when they decided to buy the Hard Rock brand and try to diversify.”

The acquisition positioned the Seminoles to compete with some of the largest hotel, restaurant and entertainment companies in the world.

Diversifying a global brand

But in order to compete and expand in an international arena, the product had to be updated beyond its baby boomer roots.

Allen set about upgrading the customer experience, improving management practices and better leveraging the musical heart of the brand.

“I felt the company had the opportunity to enhance its management, its philosophies and expand in the hotel and gaming sectors,” Allen said. “I think that any company is only as good as its management team. Very respectfully, I felt we could do it better.”

Maintaining a customer-focused attitude and employee-friendly atmosphere has been paramount.

Managers pour over customer service reviews, ironing out issues when scores are subpar. Seminole Gaming holds employee town hall meetings designed to be an open forum. “No rah-rah,” Allen said.

“We are relentless,” he said. “I recognize that sometimes people say, ‘All Jim does is complain,’ but if I don’t tell you what I don’t see, or look the other way, that’s where things slip in companies.

“You could go to any hotel company in the world; it’s not one thing that will make you not come back. But overall it’s just a little thing here, a little thing there, where you say, ‘Wow, it’s just not quite the same, I don’t think I want to go back there.’”

Management practices have played a key role in the Florida properties, contributing to their standout success in the country. The hotel and casinos near Tampa and Hollywood are managed by Seminole Gaming directly. Though all other properties are managed by different companies — for instance, Loews Hotels at the Hard Rock Hotel at Universal Orlando — the service standards are uniform.

At the South Florida property, Olivia Davis, who has worked with Seminole Gaming for 15 years, currently as an administrative assistant for the table games department, has benefited from the company practice of promoting within.

“I started off at the bottom and now I’ve been at the table games department for five years,” Davis said at a meeting between the tribe and Gov. Rick Scott earlier this year. The income has enabled the single mom to support her three sons.

Consumers give local Hard Rock outlets strong reviews.

On TripAdvisor, the property near Hollywood [averages four stars from 1,779 guest reviews](#) and is awarded the site’s certificate of excellence. The Tampa property [has earned four stars](#), from 1,038 reviews, but hasn’t been awarded the certificate. According to customer review site Yelp.com, the [Bayside Hard Rock Cafe](#) averages three stars from 126 reviews, which

range from compliments of the memorabilia and service to groans of bland food. All are managed by the Seminole operation.

Globally, most of the hotels rate four to five stars on TripAdvisor. Most cafes rate 2 1/2 to 3 1/2 stars on Yelp, depending on location.

Allen also sought to broaden and enhance the Hard Rock's key differentiator: its musical bent.

He focused on playing up memorabilia, ensuring that each piece had a plaque with information on its history. The collection grew, from 70,000 pieces in 2007 to more than 80,000 today. The collection now includes gems such as the suit John Lennon wore in the Beatles' 1964 film debut, *A Hard Day's Night*, Keith Richards' five-string guitar used during the Rolling Stones' Some Girls tour and piece No. 80,000: Elvis Presley's 24-karat gold leaf grand piano played at his Graceland home in Memphis, Tennessee.

"We are focusing on music and being the brand of not hard rock, as in hard rock 'n' roll, but in being the brand of music," Allen said. "What I wanted to do . . . is to make sure that we are curators of history."

Meanwhile, Hard Rock also has expanded, moving into international cities with its hotel component and multiplying its offerings. Within two years of Seminole ownership, the brand already had four new hotels in Biloxi, Mississippi; San Diego, California; Macau, China; and Penang, Malaysia.

The company then looked toward a new market in the Caribbean and a resort town known for all-inclusive mini-cities: Punta Cana, Dominican Republic. The resort there, a one-stop network of amenities, was an opportunity to give customers more options in one location.

"It was a sleepy Caribbean island and all the metrics made sense to the operators: mix things up and give it an international flavor," said Ari Tenzer, founder of boutique Miami law firm Tenzer PLLC and the attorney on nearly every hotel transaction with Hard Rock.

Hard Rock transformed a once-barren seaside property into a sprawling 121-acre, 1,775-room, all-inclusive resort with 13 pools, 20 shops, 23 bars and lounges, nine restaurants, a nightclub and an 18-hole golf course designed by Jack Nicklaus' Nicklaus Design. And, of course, it wouldn't be

complete without a 45,000-square-foot casino, about the size of a football field without the end zones.

Now, Hard Rock Hotel & Casino Punta Cana is one of the most expensive hotels in the tourism mecca. Rooms start at \$459 this week, discounted from their usual \$718-a-night average. Only a handful of others cost more.

Since the Punta Cana makeover, Hard Rock has opened all-inclusives in Cancún, Nuevo Vallarta and Riviera Maya, Mexico. The tribe has opened hotels in new countries and regions too, including an India property on the tourist-friendly western coast city of Goa and in Europe at the celebrity hangout island in Spain, Ibiza.

The Hollywood and Punta Cana properties remain the only ones with expansive entertainment complexes, but Allen said that the concept is something Hard Rock intends to pursue when the opportunities present themselves.

The music-themed hotel experience has been key to Hard Rock's success as an accessible brand, hotel experts said. The brand harkens back to the golden era of rock 'n' roll (the first piece of memorabilia was a Fender Lead II guitar donated by Eric Clapton) but also includes music's modern iterations, with Lady Gaga costumes and a DJ mixer from electro house artist Steve Aoki.

"Hotel owners are looking for different brand alternatives, particularly in resort markets," said Scott Berman, Miami-based industry leader for hospitality and leisure at PwC. "Themed brands are having more and more relevancy today."

Today's consumers are more loyal to their interests, looking not only for hotel-room accommodations, but amenities and preferences that fit their lifestyles, Berman said.

They're the Hard Rocks and the Margaritavilles and the Planet Hollywoods.

"The consumer is looking for more variety and creature comforts," he said. "It's about connectivity, it's about socialization, it's about variety."

That variety comes in handy as vacations become shorter and more frequent, said Mark Lunt, partner in the hospitality practice at Ernst & Young.

“If you can provide your customer a lot to do in short proximity, you are going to capture a lot more of that customer’s spend,” Lunt said.

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That’s a large part of the draw to the Hard Rock near Hollywood for Parkland resident Bonnie Arnold. The 63-year-old and her husband, Malcolm, are drawn there for short vacations because, like a cruise ship, nearly everything they’d like to do is in one place.

“[Hard Rock] combines everything I like about going cruising, but it’s half an hour from my house,” Arnold said. “I find it amazing that you can be at that pool and I know we are right next to the [Florida] Turnpike, but it really feels like going to The Bahamas or something.”

Hard Rock hits two main demographics, Lunt said, younger travelers who are interested in a themed brand and baby boomers who are drawn by the music.

“The Hard Rock appeals to the baby boomer who is nostalgic for the rock ‘n’ roll era and it hits that niche market to play around with some gambling as well,” Lunt said.

And gambling is important, because despite its success in more diverse arenas, Hard Rock remains reliant on the gambling component at the heart and soul of its operation. According to the most recent Hard Rock International corporate overview, more than 90 percent of the Seminole Tribe’s budget is derived from gaming revenue.

In Florida, a formidable part of that revenue is thanks to a generous compact with the state. Now expired, the future of the Seminole’s agreement with Florida is unknown after the Legislature failed to pass a new deal negotiated between Gov. Scott and the tribe.

The parimutuel industry, which includes horse tracks, jai-alai frontons and dog tracks, has long argued that the agreement has given the tribe an unfair advantage over other gaming facilities in Florida. The most recent deal with Scott would have widened that disparity, allowing the tribe to continue to thrive while enacting the “slow death” of the parimutuel industry, as Miami’s Magic City Casino’s vice president, Isadore Havenick, put it in February while negotiations were ongoing.

But in the grander scheme of things, the tribe’s local political maneuvering means little for Hard Rock as a company. Only two of 23 entities are affected — a drop in the bucket compared to what exists and what’s planned for music’s hospitality brand.

Highway to growth

While the Hard Rock brand has more than tripled its hotel outposts since the tribe took over, the brand’s road tour continues.

Already announced are 15 new hotels. The brand will continue moving into Latin America with three hotels coming to Brazil, two more planned for Mexico and another in the Dominican Republic at the nation’s capital, Santo Domingo. Hard Rock hotels will make their first stop in the Middle East with two properties planned for the United Arab Emirates in Dubai, where it has a cafe, and Abu Dhabi. China will get three new hotels, in Shenzhen, Haikou and Dailan, and the U.S. will get two more in Atlanta, Georgia and Hartford, Connecticut.

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James Allen, CEO of Seminole Gaming and chairman of Hard Rock International said he is most excited about an upcoming hotel in Berlin, Germany, at the site of Checkpoint Charlie, the famous crossing point at the Berlin Wall between East and West Berlin during the Cold War. Another new hotel in Europe is planned for Tenerife, Spain.

“When we think about the vision and the goals that we established when we purchased the company, things are falling into line very nicely,” Allen said. “People recognize the Hard Rock brand so it’s important to be where

people go and equally important is to be in the right part of town where people go.”

That may not be true of Hollywood and Tampa, where the hotels are on reservations far from population centers. But most guests say they forget the locations once they enter the expansive complexes, conveniently located near main arteries.

Around the world, gateway cities are the future of Hard Rock, Allen said.

Pollock of the Spectrum Gaming Group said that by being in more locations, Hard Rock has been able to create a stronger customer database that in turn feeds customers to its other destinations. It has turned a Florida-based enterprise by a Native American tribe into an international cultural staple.

“They have a very broad reach,” Pollock said, “and that’s something that other gaming operators, for the most part, can only sit back and marvel at.”