

COVER STORY

When the Hard Rock launched its pool party 'Rehab' in 2004, it was a stroke of marketing genius. Seven years later, that resort—and its myriad competitors—are keeping the party going. AMANDA FINNEGAN dives in.

BIKINI ECONOMY

PHOTOGRAPHY BY Justin M. Bowen

A woman with long, wavy brown hair is seen from the back, wearing a white bikini. She is standing at a poolside party with other people in the background. The scene is bright and sunny. A teal banner with white text is overlaid on the bottom half of the image.

Y: YES, PLEASE

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On any given summer Sunday, a line forms as early as 7 a.m. and stretches through the Hard Rock Hotel. Patrons are dressed in their Sunday bests—barely-there bikinis and sky-high heels or board shorts and white tanks—waiting to worship at the mecca of the daylife scene, Hard Rock’s weekly Rehab pool party. Almost instantly they flock to the bar, grabbing Big Gulp-sized cups of mixed drinks and soon after, the pool is brimming with boozy 20-somethings. Want to swim? Good luck. But it doesn’t matter, anyway. Swimming is hardly the prime activity at these pools. Having a good time while spending money is.

Just to walk in the door at Rehab will cost you more than \$100 on a busy weekend. Let me repeat that: \$100 just to walk in the door. A place to sit? That’s going to cost you extra. A bottle of booze will run you hundreds more and somewhere to put that bottle, a cabana perhaps, costs thousands more. It’s easy to see why these pool parties are the new revenue darlings of casino operators.

Today’s Strip pool parties are a much different scene than the resort pools of yesteryear, where the high roller’s wife might park herself for a tan and an umbrella drink before meeting her husband for a show and dinner after a day of gambling. Now, it’s the place for the high roller to be and be seen and yet another sign of their temporary wealth, renting miniature suites in the form of cabanas with bed, flat-screen TVs, around-the-clock bar service and a flock of pretty girls. In the cabana next door, you might find the Kardashian du jour, Holly Madison or *Jersey Shore*’s The Situation, all cashing in on their 15 minutes of fame. These pools have their own entrance lines with velvet ropes at the door and have the ability to charge night life prices, raking in as much as, if not more, than some of the city’s biggest nightclubs on busy weekend afternoons. It’s a trend that started on the yachts of St. Tropez and white-hot shores of Miami’s South Beach, where the partying starts during the morning hours and the booze flows straight through sundown, and has made its way to Las Vegas in recent years. They blur the lines of the city’s megaclubs and hotel pools, creating a whole new category of entertainment: The dayclub.

To outsiders, spending a Sunday packed in like sardines in the heat with nowhere to sit hardly seems like a pleasant way to spend a weekend. So what’s the appeal? That’s the thought that ran through my mind as I stood in the middle of Tao Beach shortly after my arrival to Las Vegas in the summer of 2008. The scene was right out of MTV’s *Spring Break* circa 1997 with partyers dancing in the tiny pool and unnaturally

proportioned women lounging in cabanas. It was my “We’re not in Kansas anymore” moment. I went only once. I might not be their target market (even though I’m their age demographic), but plenty of the “new Vegas” crowd is.

“People want to come out and get some sun by the pool no matter what, but making it a nightclub atmosphere just entices them more. Everybody wants to party and they want to be in the sun while they do it. A lot of pools are kick back and relax pools but these people came to Vegas for a reason,” says Ian Kohoutek, director of night life for Hard Rock, who helped launch Rehab in 2004.

It was like nothing Las Vegas had ever seen. Rehab became an instant hit first among locals, and soon out-of-towners were flying in just to get a piece of the debauched scene. The weekly party is now in its eighth season, but sans the reality show that gave it its bad-boy image, and draws as many as 5,000 partygoers on a busy Sunday. Even Rehab’s competitors give it credit for kicking off the daylife trend in Las Vegas.

“What’s driven this over the last eight years is the name has established itself in the market. We can open the door on a Sunday and people flock to the doors, despite who we might have as a DJ or hosting. The biggest thing for us is trying to work our way into the other days of the market. Everyone caught on to the trend that these pool parties actually work and we can make a ton of money with very little investment,” Kohoutek says.

Soon, Wet Republic popped up at MGM Grand, the topless pool party Bare opened at the Mirage and Ditch Fridays launched at the Palms, along with a dozen others. It was like a light bulb went off with night life operators: They realized the same deep pockets that were spending at nightclubs in the evenings were going untapped during the day.

“There are these high rollers who are staying at the Mansion at MGM Grand or the Emperor’s Suite at Caesars Palace and they want to come play at our pool party. They could have lost a bunch of money but they’re still paying cash here for their tab at Rehab,” Kohoutek says. “I’ve had investment bankers from New York, or celebrities or these guys from Silicon Valley who have just sold their companies and now have all this money to spend. These girls see these guys in the cabanas and think ‘I don’t need to buy drinks for the rest of the day.’”

Kohoutek remembers the days when pool parties first came on the scene and you could rent a cabana for \$300. Now, everything has a food and beverage minimum, he says. Hard Rock’s Rehab requires its

VIP cabana patrons to spend between \$1,000 and \$20,000 in food and beverage minimums.

Last summer, casino mogul Steve Wynn stepped into the pool party game, in true Steve Wynn fashion, spending \$68 million to turn the former entrance of his \$2.3 billion Encore Las Vegas into the massive and ultra luxurious Encore Beach Club. The party pool complex features 26 cabanas, many of which are Strip-front, and eight two-story, 350-square-foot bungalows with private pools and private bathrooms that garner five-digit tabs on some weekends. As a result, Wynn Resorts reported a 16 percent increase in food and beverage revenue in the third quarter of 2010 after Encore Beach Club’s opening, surpassing revenue generated in other departments, with the exception of gambling.

Other Strip casinos that have hopped on the night life and daylife trend are also reaping the benefits. According to an annual report from the Gaming Control Board released in February, beverage revenue rose seven percent during the 2010 fiscal year to \$909.6 million, for the 39 casinos generating annual revenue of at least \$1 million. That number compares to a two percent increase in fiscal 2009.

“The same way that during the recession, nightclubs really helped Vegas survive, the next step of that is the pool clubs, which really makes Vegas a summertime destination,” says Bryan Bass, a former UNLV night life management professor and marketing director of Las Vegas Nightlife Group, which runs Encore Beach Club. “I remember when I first moved here, the summers were dead. Now, summer is almost one of the best times to come to Vegas because of the pool clubs. You’re seeing Las Vegas become a player on a global level and competing with places like Ibiza.”

Bass says the growth of the pool scene has been an indication of the changing demographic coming to town and what that demographic is looking for. Twenty-somethings aren’t looking to sit at the slots all day, so the partying poolside has been their answer—and they continue that partying straight through to the evening.

Kohoutek says he’s seen the same patrons in line for the Hard Rock pool in the morning, at the clubs at night and right back in line at the pool in the morning, with a bathing suit slung over their shoulders and no break in between. Other pool operators are seeing the same.

“It’s really become a tradition to enjoy night life during the day and at night. At Tao, it’s that same customer who came to Tao Beach, went back to their room, took a nap, ordered room service



EASY MONEY "We can make a ton of money with very little investment."

and is coming back to Tao at night. It's the same for Marquee," says Jason Strauss, co-owner and operator of the Tao Group.

Tao Group recently opened its second pool party venue, Marquee at the Cosmopolitan. The \$60 million venue is part pool club, part nightclub with 22,000 square feet of the 60,000-foot facility dedicated to daytime. Marquee dayclub has two main pools with eight additional private pools in the VIP cabanas.

But if you think all pool parties are the same, you're wrong. Like nightclubs, they cater to different clientele—like the Midwesterner who wants to tell her friends she partied next to a Hilton sister or the high roller from Europe who wants his privacy. Or maybe they're ravers from Southern California who want to listen to the thumping beats of house music DJs, which more and more pool parties seem to be catering to.

"The whole brand of Marquee is really a house music-driven brand. We're going to stick strictly to international, electronica DJs. At Tao Beach, we really segment both celebrity events and DJs. The programming brings a different demographic on each side," Strauss says.

Encore Beach Club is also going after that market, Bass says, bringing in big name DJs such as Kaskadee, Steve Aoki and Afrojack, who all have a fan base as large as some of today's top musical acts.

"I think last year and this year as more venues open, you find that they're really starting to identify what their niche is and what the programming for that niche is. You can't be everything to everybody.

We're a house music-focused venue. We don't do the reality TV star, socialite celebrity thing," Bass says.

But Angel Management Group, which runs Wet Republic, the Venus Pool Club at Caesars and the VIP operations for Rehab, thrives on it. This season, its Wet Republic pool club has hosted Kim Kardashian, Avril Lavigne and Hugh Hefner's ex-fiancee Crystal Harris, along with a slew of reality television personalities.

"The celebrity aspect works really well for us. When a celebrity visits the venue, they end up on E!, MTV and TMZ and people realize how close they can get to these celebrities. They're right in front of them, so the perception is like they're partying with Kim Kardashian or Paris Hilton," says Omar Gutierrez, director of operations for Angel Management Group.

Meanwhile, owners of Nikki Beach Club, which opened Memorial Day weekend at Tropicana, is going after a different market: the 30- to 40-year-old jet-setter crowd. The brand operates clubs in Miami, St. Tropez, Cabo San Lucas and is opening several luxury resorts in Eastern Europe and the Middle East. Nikki Beach co-owner Mike Penrod said you won't hear DJs blasting thumping electronic dance music to the point of nausea or see a billboard for Kim Kardashian hosting her birthday at Nikki Beach, yet on the weekend of June 25, the club was advertising Britney Spears' official after party for her concert at MGM Grand. Penrod said the vibe at Nikki Beach is more "discreet" but its new marketing seems to say otherwise.

"We're not for everyone. The people who want to

go listen to the top DJ who's cranking it at a dance party—that's a little bit of a younger clientele, that's not us," Penrod says. "In Vegas, it's very popular to rent a celebrity for an event and market it. We actually do the opposite. We don't tell you who's coming; we tell you who was there."

Penrod says they're pulling from their vast database of high-end clients and celebrities from their clubs and resorts around the world to market the Las Vegas venue.

"Most of the people who come to our clubs around the world are a lot older. At these megaclubs in Vegas, people wait in lines and save up all their money all year to blow it in one day. We'll have some of that, but most of our customers are CEOs or own companies," Penrod says. "We aren't going to be the most expensive in town, but we will be more mature. A lot of these companies in town are really great operators but our brand is very specific."

With casinos investing millions into building daytime venues and their patrons spending millions a season to match, it's doubtful that the pool party trend is going anywhere anytime soon. It's the next step in Las Vegas growing up and catering to its increasingly younger market.

"Right now, you would never think of opening a casino without at least one major nightclub," Bass says. "I think you're going to see dayclubs continue to add to that requisite."

Even local hotels like Ravella at Lake Las Vegas are hopping on the trend but with a family-friendly twist. There's a venue for everybody. Just add water. **VI**