

MARKETING INSIGHT

Andrew Klebanow, principal at Klebanow Consulting, discusses how COVID-19 has seen US casinos modify their marketing strategy, with many operators achieving substantially higher net income on lower business volumes. However, while for some operators, valuable lessons have been learned during the pandemic, with the rise in vaccinations across the country, others are reverting to old habits.



US casinos emerge from t



While casinos in Canada are only now beginning to re-open after a sixteen month hiatus, casinos in the United States have continued to operate through most of the pandemic, albeit with a host of restrictions. With nearly 60 percent of the US population now having received at least one vaccination dose and 50 percent fully vaccinated, casino regulators and state health departments are now lifting restrictions on occupancy, mask mandates, and other safety protocols. Customers in turn are flocking back to their favorite gaming venues. In many jurisdictions business has returned to normal and certain markets are now experiencing record wagering volume.

The pandemic had forced US casino operators to abandon most marketing programmes in order to limit capacity. Large scale drawing drum promotions were suspended, buffets were closed, bingo halls and poker rooms were shut, and the volume of mass market mailings were reduced. The net result was that many operators enjoyed substan-

tially higher net income on less business volume.

One question that many gaming analysts asked was would operators return to their old habits and spend inordinate amounts of money on attracting marginally profitable customers, or would they maintain marketing discipline and focus their attention on their most profitable gamers. A recent survey of casinos across the US revealed that while some properties intend to proceed cautiously, others are returning to old habits, turning up the volume of promotions to pre-pandemic levels and re-opening marginally profitable operations.

MAIL OFFERS ARE BACK

It may come as a surprise to many operators in Europe and Asia that US casinos still use postal mail to communicate with their loyal customers. While some casinos have deployed mobile apps, email communications, and links to their websites to deliver offers to their customers in the wake of the pandemic, most oper-

ators are back in the business of licking stamps, and some are spending those marketing dollars irrationally. A visit to a casino in New York last winter during the height of the pandemic by this resident of Nevada who cycled \$50 through a slot machine not only generated a series of follow up emails, but also triggered the mailing of a four-color mailer detailing upcoming spring promotions. 2,280 miles would seem like a long way to travel for someone to redeem a \$10 free play offer.

Station Casinos, Nevada's largest operator of casinos that serve local residents, re-started their mass market mailings in the spring. A succession of monthly mailers advertise discounted menu items in their restaurants, bingo promotions, and include five dollar free play and five dollar dining coupons for those in the lowest tiers of their database.

TRENDS IN CASINO BUFFETS

The pandemic required casinos across the country to close their buffets. While buffets had

long served as a tool to attract customers, they were also notoriously expensive to operate. What many casino operators discovered was that, with their buffets closed, food & beverage profitability soared. Most casinos have yet to restart their buffets and many operators are seriously evaluating re-purposing them into other dining concepts.

Customers whose primary reason to visit a casino is to gamble have returned despite buffets being closed, and this strategy has positively impacted the bottom line. In fact, the CEO of Caesars Entertainment, the largest operator of casinos in the United States, stated in a recent earnings call that he doubted if most of the company's buffets would return after the pandemic receded. Other operators have taken a similar stance.

One market that appears to be bucking this trend is Las Vegas. With all restrictions on capacity lifted, tourists are returning to Southern Nevada, and casino operators are re-opening non-gaming amenities to better serve them. Wynn Resorts announced it is re-opening its buffet with prices rang-



MEDIA WATCH

Plaza Hotel and Casino marks 50th anniversary



The Forest County Potawatomi Community is looking to offer **sports betting in Wisconsin**, a bid to bring **tribal gaming** to Maine has suffered a setback, and the **Plaza Hotel and Casino** has toasted 50 years in downtown Las Vegas.

A day after the Oneida Nation announced plans to offer sports betting at its casino, another Wisconsin tribe says it is hoping to get in on the act, Fox News reported.

The Forest County Potawatomi Community described the announcement of a sports betting compact agreement between governor Tony Evers and Oneida at the beginning of July as “welcomed news”.

“The Potawatomi look forward to bringing sports betting to Milwaukee in the future,” the tribe said in a statement.

The Wisconsin Department of Administration said that other tribes have also expressed interest offering sports betting, with “potential negotiations” in the works, but noted it could not currently release further details.

Meanwhile, the decades-long effort by Maine tribes to open casinos in the Pine Tree State suffered another blow at the start of July after lawmakers upheld governor Janet Mills’ veto of a proposed gaming bill.

The bill, L.D. 554, would have allowed four federally recognised tribes - the Passamaquoddy, Penobscot, Aroostook Band of Micmacs and Houlton Band of Maliseet Indians - to offer gaming on tribal lands, but failed to muster the two-thirds majority needed to override Mills’ veto, the Portland Press Herald stated.

The 1980 Maine Indian Claims Settlement Act denied tribes the authority to open casinos or slot

machine parlours on their lands.

“The chief executive’s veto was a rejection of an opportunity to help people who have lived in Maine since time immemorial pursue economic self-sufficiency,” said state representative Rena Newell of the Passamaquoddy Tribe. “It is an action that only helps to serve casinos run by out-of-state companies that send their profits to Kentucky and Pennsylvania.”

On the other side of the US, the Plaza Hotel and Casino celebrated its 50th anniversary on 2 July. Then known as the Union Plaza, when the property in downtown Las Vegas opened its doors in 1971, it was heralded as the largest in the world with more than 5000 rooms.

“We don’t think much of it now, but at the time, 500 rooms was a huge hotel,” said Mark Hall-Patton, the recently retired Clark County museum director, speaking to the Las Vegas Review-Journal. “That’s a little boutique hotel these days, but it was a major step for Las Vegas back then. A step toward the megaresort, 3,500-room hotels we see today.”

UNLV history professor Michael Green described the resort as “where downtown Las Vegas really began.”

“Back then, the train depot was sort of the centre of town to a lot of people. So Union Plaza took that spot. It has seemed to be at the centre of things ever since. It’s a meeting ground for our city’s history,” he affirmed.

the pandemic

ing from \$38.99 to \$64.99. Despite the aforementioned statements by the company’s CEO, Caesars Palace re-opened its Bacchanal Buffet in May after a multi-million dollar renovation with prices now peaking on weekends at \$57.99. The buffet at the Cosmopolitan is also scheduled to re-open soon. Expect others to follow suit.

LAS VEGAS LEADING THE WAY

The casinos in Las Vegas are now fully re-open and restaurants, showrooms and theatres are expected to be back in full operation by mid-summer. Cirque du Soleil announced plans to restart their production shows beginning with *Mystere* at Treasure Island.

McCarran International Airport reported that the facility handled 3.5 million people in May of 2021, an increase of 600,000 from April. While still 23 percent below May of 2019, it is a sign that visitation is accelerating. The only segments that have yet to return are interna-

tional visitors and the all-important convention segment. Regardless, for domestic tourists visiting Las Vegas, masks are off, plexiglass dividers are gone, and the smoking lamp is lit.

Local Las Vegas casino operators have also ramped up their marketing efforts, with steady increases in promotions and advertising spending. Recently, Station Casinos launched a new television campaign. Commercials display a montage of videos, starting with aerial shots of the company’s various properties, then interior shots of its restaurants, appetising menu items, casino games, smiling employees and happy customers. Playing throughout the commercial is the 1970’s rock anthem, “It’s All Right Now”. The message is clear: it is safe to venture back out and enjoy what casinos have to offer.

As constraints on capacity and mask mandates are lifted in other markets, a resumption of promotional spending to pre-pandemic levels is expected. For some operators, valuable lessons have been learned. For many others, they have not.