

Exploratory study designed to identify which casino special events had a significant effect on amount of money wagered in slot machines.

Red or Black? Indirect gaming contributions of a casino's special events

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Importance of Study

Casino-based special events continue to be key marketing tactics to increase current gaming customers' loyalty levels and attract new ones around the globe (Hendler & LaTour, 2008; Lucas & Kilby, 2011).

- * Las Vegas casino resorts are experience-centric hospitality companies that successfully turn routine guest visits into an engaging ones, creating lasting memories and robust loyalty (Wong, 2013).
- * Slot departments provide largest percentage of gaming profit (27%), almost twice that of table games dept. (15%) (Lucas & Kilby, 2011).

- Labor-intensive table games have lower house advantages, which decreases table games department profitability rates.
- Due to casinos reliance on slot revenues for increased profitability, it is crucial to cultivate and maintain robust slot operations.

* Most casinos hold events to entice customers to gamble at their casino that follow Getz' planned event typology:

- Cultural celebration (New Year's Eve gala)
- Arts and entertainment (theatrical performance)
- Sport and recreation (slot tournament)
- Business and trade (new slot machine promotion)
- Private function (upscale shopping excursion)

Casinos use these event to utilize experiential marketing to further develop their brand & sustain their customer relationships.

Literature Review

Gambling & concept of luck has always been part of society

* Throughout history, spanning multiple cultures around the globe.

* In the U.S. over past 100 years, slot machines have become the most popular form of casino gaming.

* Slot players have unique characteristics from other gamblers

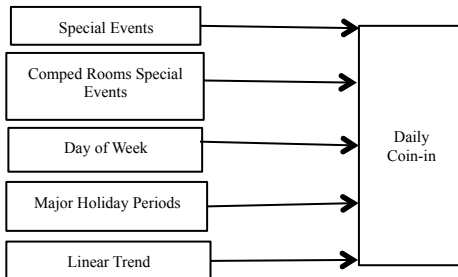
* Casinos ability to track customers' slot play used to reward loyalty.

* Previous gaming research provides framework for study.

Research Questions

Do slot-player special events have an effect on daily coin-in? If so, which special events?

Do complimentary (comped) hotel guest rooms for slot player special events have an effect on daily coin-in. If so, what is their effect?



Methodology

- * Proprietary data, (slot machines' coin-in, special events, comped hotel rooms)
- Gathered daily over a six month-period from a Las Vegas Strip casino resort.
- * Previous gaming studies (Lucas & Bowen, 2002; Lucas & Brewer, 2001; Lucas, 2004; 2011; Suh, et al, 2012; Suh & West 2010) provided framework and approach.

Results

Simultaneous regression for predicting slot coin-in using 181 days of coin-in data:

* Accounted for 82% of coin-in variance, with the statistically significant results

* R-squared of 0.82 (F = 53.9, df = 14, 166, p < .0001)

* Mean of \$7,341,628 and a standard deviation of \$1,891,246

The study's multiple regression model Table 1: Summary of Simultaneous Regression Analysis for Variables Predicting Daily Coin-In (n=181)

Variable	Coefficient	Prob.
Constant	6,719,790	.000
Daily Trend	-6,653	.000
Wednesday	-603,473	.011
Friday	1,291,501	.000
Saturday	2,053,784	.000
Sunday	999,875	.000
Washington's Birthday	1,517,409	.004
Memorial Day	2,325,164	.000
July 4 th	1,755,447	.000
Comp Rooms -Sp Events	2,124	.000
Special Events	446,739	.040



Next, a stepwise multilinear regression was conducted to identify which of eight special events were statistically significant. The parsimonious regression results:

* Accounted for 87% of the coin-in variance, with the statistically significant results

* R-squared of 0.87 (F = 62.562, df = 18, 180, p < .0001)

Variable	Coefficient	Prob.
Constant	6,749,056	.000
Daily Trend	-5,276	.000
Tuesday	-544,045	.002
Wednesday	-752,023	.000
Friday	1,445,203	.000
Saturday	2,150,449	.000
Sunday	1,008,239	.000
Washington's Birthday Day	1,674,253	.000
Memorial Day	2,759,146	.000
July 4 th	2,105,291	.000
Super Bowl	998,075	.042
NASCAR	2,709,972	.000
Lake Trip	1,664,984	.000
Summer Celebration	1,654,575	.002
Chinese New Year	2,431,565	.000
March Madness	1,577,099	.000
Comped Rooms for Events	1,434	.000



Discussion

Profit margins vary noticeably across departments:

* Operating expenses, revenues, casino events identified a concern. Hosting such activities during the peak season for other divisions, such as the convention or lodging, may not be in the casino-resort management's best interest (Lucas, 2011; Malek & Tanford 2014).

* Casino host department concern with overall slot volumes brought in for each event, company's financial department concerned with overall net performance based on volume less costs of every event.

* Comped rooms filled with VIP slot-players follows conventional wisdom that when there are more casino gamblers staying in hotel, the more gamblers there are on casino floor (Lucas, 2011).

* Providing a comp hotel stay may be best solution for ensuring that slot players stay at casino-resort property (Suh et al., 2012).

For this study, the non-standardized coefficient of 2,123 in Table 1 indicates that for each 1% increase in comped rooms for special events, daily slot coin-in increased by approximately \$2,000.

* Slot hold of 7.37% = casino "wins" \$156.47 for each comped room.

* Alternatively, same room could have been sold to an individual traveler or to a traveler who was part of a group room block, such as a large convention, corporate meeting, or a private event, which may have resulted in a higher nightly rate than \$156.47.

* Building convention business is recommended course of action; perfect compliment to increase midweek and non-holiday periods, opposite traditional gamblers (Fenich & Hashimoto, 2005).

Limitations & Future Studies

Data from single casino property on Las Vegas strip.

* A different casino with limited competition & clientele (i.e. Macau), results would be different, particularly as Chinese gamblers prefer table games to slot machines (Rose & Wan, 2011).

* Recommendation for future research would be to replicate this study at a different casino property or during different periods of time, seasonality, and different global locations.

Conclusion

Do special events and the comped rooms provided for the gamblers increase slot volumes? Answer is a yes to both questions.

* Organizations must deliver a genuine experience to customers.

* Special events creates feelings of appreciation.

* To determine if special event puts casino, "in the red or the black",

- Management team of all departments involved need to:

- Conduct cost and benefit analysis of each special event

- Identify if marketing budget, convention space, and hotel rooms being used to each of their highest and best use.