



To: Client Casino

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Objective: Table Games Analysis - To develop strategies for *Client Casino* to gain market share in table games, mainly from Competitor #2.

### **Analysis Overview:**

The figures used for analysis in this report are based on the Gaming Commission figures for FY 2004- January 2005 in the subject market. The unit mix in the market has changed very slightly since January 2005; *Client Casino* has taken out a Blackjack and replaced it with another Roulette game, while Competitor #1 has replaced two Baccarat tables with two Blackjack. The total number of games for Competitor #2, I have counted as X and not Y, which the jurisdiction reports. This represents a more accurate figure based on the Double Ended Roulette that is only counted as one game. This gives Competitor #2 a total of X separate layouts and Y Roulette tables. The analysis was conducted Tuesday through Thursday in order to ascertain what the core business conditions are like in the market.

### **Competitor #2 Casino:**

Competitor #2 in the area is a mirror image of how the company operates elsewhere. The focus of the operation is designed for the serious player and not an entertainment experience. The layout of the casino is classic riverboat: as you enter the casino, the main pit is spread along the length of the boat and is surrounded by slots; the high limit room for table games is also located on this level. The main pit consists of nothing but standard casino games: The carnival games are located one level down and there are a few lower limit Blackjacks; the philosophy is that the type of player who likes to play carnival games has no problem taking the time to find them. This plan also sends the lower limit Blackjack players downstairs and keeps them away from the higher limits offered on the main level.

### **Client Casino**

The *Client Casino* offers a totally different gaming experience: a wide variety of games for the guest and a less intense atmosphere. I was surprised by the layout of the games which are spread out over three levels. The level on which players enter on to the boat has a pit which consists of a variety of carnival games. One level up is the main pit, which is located to one side of the boat, with slots occupying the other. The high limit room is located on the next level up. The directional signage to find the table games was poor and hard to see.

### **Blackjack Analysis:**

All four casinos (client and three competitors) all offer the same rules and a six deck shoe game. The only deviation is that Competitor #3 and Competitor #1 use eight decks on the main floor. They stand on all 17's and provide the optimum splitting and doubling rules to the player. This provides a very good game for the player with a hold percentage when played against basic strategy of X% for the six deck and Y% for the eight deck game. The only surrender option I found in the market was on a variation of the regular game.

The standard limits offered at Competitor #2 are from \$X –Y on the main floor and \$X-Y in the high limit area. During the morning hours on the main floor and lower level at Competitor #2 they offered only three \$X games with the rest \$X dollar games and only one \$X; however, at 1 p.m. only one \$X was to be found with the rest being a mixture of \$Y and \$Z. At 5 p.m. the five Blackjacks on the main floor were all raised to \$Z and there was only one \$X game on the lower floor, with the rest being \$Y games. It is obvious that they have an established limit management plan in place, regardless of business conditions, as the same limit management was repeated the next day. How high does Competitor #2 go in terms of limits? The best player in the market can go 2@X and Y aggregate over three hands; he has a line of \$X but also uses front money. A well known celebrity has a \$X line and can go 2@ X and an aggregate of Y over three hands. The bulk of the high end business, I am told, is at the 2@X. Competitor #2 has tremendous volume and attracts a higher level of customer than *Client Casino*. The commitment to the high end, along with the higher quality of grind play and strong volume, is the reason for the disparity in the numbers between Competitor #2 and *Client Casino*. The high volatility was witnessed in December 2004 figures, with Competitor #2 only winning less than \$X on a nearly \$ Y million drop.

*Client Casino* offered a mixture of \$X and \$Y with a maximum of \$Z in the games throughout the day, with no major changes in the limits; the high limit room offered mainly \$X limits. The blackjack volume and quality was substantially less at comparative times of day with Competitor #2.

#### **Craps Analysis:**

Competitor #2 has X Crap Tables with a limit from \$X and 20 x odds. There is a max odds bet of \$X. The limits never changed at any time of the day when I visited the property. The table closest to the high limit room had reserved signs for players coming in, but the limits remained the same. I was told that they did not go any higher than the posted limits. During the morning hours they were underspread, only having two games open, but were fully spread by noon. Competitor #2 includes 100% of the odds in its ratings and has a very structured approach to the rating process; the total action you play in 4 rolls is used to determine your average bet, and unless any significant increase in play is seen over a period of time, the rating is not adjusted.

*Client Casino* has X Crap tables offering limits from \$ X to Y with a 10 x odds and a max odds bet of \$X. I was informed that only 50% of the odds would be included in a rating, as it is possible to pick the bet up at any time. The only time I noticed the \$X crap game was in the morning, as it was the only game open, but it was gone by the afternoon, when the spread had increased to three games and did not change for the rest of the day.

#### **Baccarat Analysis:**

Competitor #2 has a total of X Baccarat games, offering X midi and Y minis, and a few of the games offered the Dragon Bonus bet, which I was told is popular with the players, although I hardly saw anyone playing it during my observation time. The mini action I witnessed was purely good quality solid grind with limits at \$X and \$Y and one \$Z. The one \$Z was a midi. I was surprised at the lack of any substantial play at any time of day, especially since every Baccarat game had a posted limit of \$X. The buffet in the high limit room offered a selection of salads and sandwiches and only one selection for the Asian guests, which looked of poor quality and was Americanized Chinese, rather than authentic Chinese. I noticed that no Asian guests

were eating from the buffet or at the tables. I found Competitor #2's offerings surprising, since X% of the room's players were Asian.

*Client Casino* had a total of X baccarat with X minis and Y midis, with limits from \$X to \$Y. The tables had good play all the time, and the spreads seemed to be about right throughout the day. The noodle bar that is in the room was very popular, and the food looked of high quality. Once again, the only difference between Competitor #2 and *Client Casino* was the quality of grind play and volume.

### **Roulette Analysis:**

Competitor #2, in reality, has X games, one of which is a single zero wheel. I was told it was put in at the request of a high limit player who can go \$X on the even chances and \$Y on the columns and dozens. The single zero wheel is the only semblance of a European Roulette game, as no French style bets are allowed and no graduated maximum. I spoke to a player who was on the game; he told me that there were a lot of people in the area who keep in contact and who like to play real European Roulette. He informed me that he is a middle of the road player in the group. After witnessing an average bet of \$500 a spin for hours on end, it certainly gave more credence to the information that he provided. The \$X higher minimum European game seemed popular at all times, although all the games were busy, with minimums of \$X, Y any way to the number, \$X even chances and \$Y on the columns and dozens.

*Client Casino* had X games spread most of the time, with \$X-\$Y minimums and a maximum of a \$X any way to the number, \$2,000 even chances, and \$1,000 on the 2 to 1s. The spread seemed to be about right, but I noticed that there were many times when the games were dead or sparse. Not once were the limits lowered to meet business conditions; considering the close proximity of Competitors #2 and #3, which only offer a \$X minimum game, an opportunity exists to capture some of that business, as the *Client Casino* does not have the quality of player to support these minimums all the time.

### **Three Card Poker and Carnival:**

The lack of attention and understanding of the Three Card Poker market shown by *Client Casino* is probably the most glaring mistake I found. The quality Three Card player is well versed in the pay tables and will only play a game that gives them the best pay table. Competitor #2, Competitor #1, and Competitor #3 all use pay table #1 on the Pair Plus and pay table #1 for the Ante Bonus. *Client Casino* uses pay table #7, which is the highest hold percentage available for the Pair Plus and #1 for the Ante Bonus. The lion's share in any table games department's carnival games comes from Three Card Poker. Competitor #2 is Three Card driven. This is evident by the fact that the only variation from a standard Blackjack game is one that offers a Three Card Poker side bet. This game is approved in many markets, but at the time of writing is not yet available in Nevada, due to the amount of time it takes to acquire approval for a new game. The question that has to be posed, based on the close proximity of Competitor #3 and Competitor #1, is: based on the pay tables, how much of the Three Card Poker business is going to them instead of to *Client Casino*? My assumption is *a lot*, even though *Client Casino* is a vastly superior facility.

### **Pai Gow Poker:**

Competitor #2 and Competitor #1 offer 2 regular games with no bonus bets in their high limit room, with limits from \$ X- \$Y and \$X-\$Y respectively. These games had play all the time at

both properties, but no significant action was seen. *Client Casino* offers one bonus Pai Gow table on the main floor with similar limits that had only periodic play.

### **Customer Service and Staff Interaction:**

All of the properties that I visited gave good customer service, and the staff interacted in a friendly and professional manner. This is not unusual, as in this market, treating people with dignity and respect seems to be a way of life. The sign up process at all properties was easy and friendly.

Competitor #2 Floor Supervisors were friendly and knowledgeable in their duties, with attention being paid to the job at hand, especially on the ratings. I was recognized as a new player when buying in and was told that if I wanted something to eat after playing, it would be no problem. When I asked how the rating system worked, the staff members all knew that it was based on time and average bet; they also told me that the amount of visits I made to the property would also be factored into receiving comps. The information at Competitor #2 is locked down: no matter how hard I tried to find my time played, average bet or how much I had earned in comp, I ran into a brick wall from the pit, the Players Club, and the host. All the properties gave some type of discretionary comp to first time players, but Competitor #2 was the only one that was pro-active in the offer; I had to ask for something at the other properties. The *Client Casino* floor supervisors were also friendly, but seemed not to pay a lot of attention to the games. I played Blackjack in the early morning hours for 30 minutes at about a \$10 average, buying in for \$200 and losing \$175. The Players Club had me in for \$100 and losing \$75 with a \$20 average and a playing time of 45 minutes. The floor supervisors knew how the system worked, and how much in comp I had earned.

### **Marketing:**

Nobody in the market did same day cash back for Table Games; all gave incentives back through the mail. The host at Competitor #2 informed me that they did not discount loss to credit player's period; not surprisingly, I found that statement to be untrue. Competitor #2 only gives discounts on loss to the very high end player. The host at Competitor #3 informed me that they discounted loss also on their high end business, which would be a mid level player at Competitor #2.

*Client Casino* property marketing involved publicizing the awards that they had received from a gaming publication. Competitor #2 had mounted a myriad of plasma television screens all over the property and on the way out to the parking garage, all of which constantly advertised the value that Competitor gave to the player in terms of comps and the higher limits that were on offer in the casino.

### **Live Poker:**

Competitor #2 does not offer live Poker, and I was told that this was because they do not have the room. Since *Client Casino* offers Poker at all its other properties, it is hard to believe that it won't appear at some stage. I noticed on the boat plan that another level existed. It seemed that it was intended to be used as an entertainment facility. I tried to gain access to this level, but was denied. This area may provide them with an opportunity to provide live Poker in the future. The units for Poker at *Client Casino* and Competitor #3 were correct, at 13 and 15 respectively.

### **Recommendations and Strategies:**

The recommendations and strategies that I propose are not only directed at gaining business from Competitor #2 but also from Competitor #1 and #3.

1. The Blackjack market offers the same game at all four properties with varying limits. I recommend that the client breaks the market and introduces a Double Deck pitch game, which will give them one up on Competitor #2, #1, and #3 in terms of value and will be attractive to quality play. It is not easy to offer a Double Deck game with the rules that already exist in the market, because if the same rules as the six deck game are offered, the house advantage will be just over X % when played against basic strategy. Changing to hit soft 17 would be a tough sell to a player who has been used to the dealer standing on all 17s for a long period of time. It would be perceived as poor value in a fairly educated market, despite taking into account that hitting soft 17 would still be better for the player than the present 6 deck shoe game. The change of the rules that I have suggested for the Double Deck Game will give the client a better house edge and at the same time will still be attractive to the better quality player. The game should only be offered in the High Limit room and should be heavily supervised. The inclusion of Double Deck would also provide a great initial marketing tool to attract business away from the other properties.
2. Once the client has access to the figures, it will be important for him to evaluate if there is a need for as many varieties of side bets and variations of Blackjack that are used in the present mix.. I recommend that a commitment to mainly regular Blackjack be made because it is tough to find a regular game at *Client Casino*. Even though X is a regular game with a side bet, based on its signage and additional material printed on the layout, the perception is that it is a carnival game.
3. The table games layout should be moved to just two levels instead of the present three levels. Moving the pit at the entrance, up to the main pit, reconfiguring the games, and spreading the games across the whole deck, as Competitor #2 does, will give a better look and feel to the property. The move should be accompanied by directional signage at the entrance of the boat. The large bar that is located on this level will become more of an attraction and an added amenity for the layout change as business will increase on this level.
4. The high limit area at the *Client Casino* could use some redecoration and updating to make it a more competitive facility. I would change the game mix in the high limit to include two regular Pai Gow Pokers, since Blackjack and Baccarat are the only games presently offered. Although this move only emulates Competitor #1 and #2 it is observed as a successful formula, probably because it provides a variety of games in one area. Where the Asian guests could congregate, a lot of interaction was observed between the Baccarat and Pai Gow games. I would also suggest taking one Mini Baccarat out of the room and include it into the mix on the main floor. This will provide more variety to the mix, and it also gives some players that feel uncomfortable in a high limit environment an opportunity to play the game. I noticed that the noodle bar was closed in the breakfast hours when quite a few players were still in the room. Opening the bar all the time will probably create more business since there were no Asian style selections found in the regular breakfast buffet.

5. Based on my observations and conversations at Competitor #2, I would change one of the Roulettes to a single zero. I recommend steering clear of graduated maximums, completes and call bets; I doubt that the type of expertise needed to accommodate this type of game is available in the market. I recommend training for the staff in French bets such as the Tier, Voisins and Orphlin so they can assist players in making their bets and give them a better understanding of the game. Should the decision be taken to develop the game and include call bets at some stage in the future, the transition will be a lot easier. If the market for European style Roulette does exist, it might be wise to move the game from the main floor to the high limit room in order to allow better supervision and to give the players a higher class experience; this would give a competitive edge over Competitor #2 which keeps single zero Roulette on the main floor.
6. I recommend changing some of the limits to compete with Competitor #2. I would keep the Blackjack limits on the main floor to \$ X and make the Blackjacks in the High Limit room \$X. Roulette should go to \$ X any way to the number, and Baccarat should go from \$X maximum to \$ X. Competitor #1 already offers a max of \$X. Three Card Poker should go to \$X; also I strongly recommend a change to pay table number 1 in Three Card Poker as soon as possible.
7. The table layouts at the *Client Casino* were dated in design and of poor quality material. I suggest updating to synthetics and changing the color and graphics on the layouts which would make the pits more attractive.
8. At the moment, the floor supervisors at *Client Casino* are using their own casual dress, which gave a somewhat disheveled appearance in the pit; I suggest going back to business attire to create a more uniform and professional appearance. If casual dress is a must, a standard shirt and pants would be a viable option. Purchasing a good looking uniform at a future date would be the ideal option.
9. The casinos at present offer no same day cash back promotion to table games players; some casinos that are considered second tier in similar jurisdictions have had success by implementing this type of promotion to gain business. The average reinvestment for same day cash back in these markets is about X% of theoretical for table games.
10. Competitor #2 offers discounts only in the high end. Formulating a strategy to offer some kind of discount to the mid-high line player may be an effective ploy in drawing business away from them. Competitor #1 is already offering discount, and the host informed me that it was mainly in Baccarat; analyzing the figures for Baccarat would support this information, as they appear to have a relatively disproportionate share of the business.

**Conclusion:**

The recommendations and strategies in this report are based on the assumption that *Client Casino* intends to maintain and grow the business without taking on the higher volatility of Competitor #2's big limits. The strategies I have recommended take aim at Competitor #2's, Competitor #1's, and Competitor #3's mid-high level player. The idea of taking on Competitor #2 at their own game and then going one better will give the mid-high level player a viable option other than Competitor #2. The hotel at *Client Casino* is outstanding and is a valuable facility to offer to this level of player.