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INNOVATION
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Stephen J. Szapor, Jr., COO,
Meredith Vaughn, VP Market Research
Wed., 4/13, 12:45-2:15



Client and Company News for April 2005

Casino Parking Garages - It's often simple things that make a big difference

Denis Finegan, President, Urban Systems Associates, Inc.



I have spent almost 25 years of my life in parking garages. Not literally, but in the business of analyzing, designing and just plain checking out garage parking and circulation systems. As a transportation professional practicing in the casino industry, an industry that prides itself on customer service, I am often surprised how seemingly little attention can be given to making parking garages user friendly.

The relative ease of use of a garage can often relate to site constraints. Factors such as limited development area, physical barriers or constraints due to adjoining property owners often result in garages where design solutions are limited, parking and circulation patterns are inefficient and that are generally unfriendly to the average user.

In many cases, however, physical elements of the garage, such as stall widths, module dimensions and circulation patterns, are sound, but signs, markings, lighting and other factors that relate to the end user, the customer, are lacking.

The following are some basic principles that, in my opinion, are necessary to ensure that your customers are getting good service relative to self-park facilities.

Layout and Traffic Circulation

The most efficient parking layout is 90-degree parking on a 60- to 62-foot module, typically with an 8.5- to 9-foot wide stall. This layout is designed to support two-way traffic and provides flexibility of movement.

The downside of a 90-degree layout is increased conflicts at the aisles and at the intersection of aisles due to two-way traffic flow. Some drivers find it more difficult to enter and exit stalls when a two-way traffic pattern is used in a garage. Exiting can also be a problem because traffic is approaching from two directions when the driver is attempting to back out of a stall. If the stall width is too narrow, less than 8.5 feet in width, drivers may require two or three movements to get into a parking space.



In contrast, one-way circulation patterns with angle parking, while not as efficient on a space-per-square-foot basis, are preferred by most drivers because they are simple to understand, the parking movement into and out of a stall is easier and there is less conflict with traffic circulating in the aisles. One-way traffic flow is generally considered safer for pedestrians as well.

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 CLIENTS MAKING NEWS 

Foxwoods: The biggest gets bigger

Foxwoods Resort Casino has received approval from the tribal council to proceed with a \$700 million expansion that will include an 825-room hotel tower, 5,000-seat theater, a massive convention space and ballroom, shops, nightclubs and 1,500 more slot machines. The expansion alone will also provide approximately 2,300 new jobs. The Innovation Group did market research to study to potential of reaching out to various minority market segments in the region, and did the feasibility analyses to determine the optimum mix of amenities for the expansion. The project will allow the development of nightclubs and restaurants geared different ethnic groups, as well as growth in retail and the convention market.



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San Manuel broadens appeal

San Manuel Band of Mission Indians opened their new San Manuel Indian Bingo and Casino to huge crowds at the end of January. The new facility puts more emphasis has been put on entertainment and dining options. In addition to 2,000 slots and 99 table games, the casino has a 2,500-seat bingo hall that doubles as a concert venue. The Innovation Group did the market assessments and financial projections that helped guide the project.



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Cabazon brings Fantasy to life

Fantasy Springs Resort and Casino has held the grand opening of its new operation that features a 12-story, 250-room hotel, new food and beverage venues and an expanded casino. Owned by the Cabazon Band of Mission Indians, the complex also includes an adjoining special events center which can accommodate conventions, concert and sporting events. The Innovation Group did the gaming market study for the property, as well as the hotel market assessment that was included in the bond offering for the expansion.



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Casino Windsor mounts major expansion

Casino Windsor, located just across the river from Detroit, is planning a \$324 million expansion that will include a 400-room hotel tower, a 5,000-seat entertainment venue and a 100,000-square-foot convention center. We worked with the Ontario Lottery and Gaming Commission in the planning of the optimum use of the available land adjacent to the casino. The entertainment venue will be, by far, the largest in the Detroit area, and allow Casino Windsor to book big name acts and pull in crowds from throughout the area, and help the property achieve their goal of becoming the entertainment choice among casinos in their market. [Back to "Clients Making News."](#)



Minnesota harness track clears hurdle

Developer Jim Druck's Southwest Casino and Hotel Corporation has received approval from Minnesota Racing Commission to build a \$47.5 million harness track and 24-hour card room in Anoka County, Minnesota, just north of the Twin Cities. The card room is expected



to boost track purses, as has the card room at Canterbury Park, the state's other harness track. The Innovation Group did the revenue projections for the project. [Back to "Clients Making News."](#)

Morongo's destiny in destination resort



The Morongo Band of Mission Indians is expecting the success of their newly opened Morongo Casino, Resort and Spa to provide even more opportunity for economic diversification. In 2002 the tribe entered the bottled water business with Big Bear Mountain Premium Spring Water. Now, they are looking for the income from the new operation to provide the funding for money-making opportunities.

Included in the new \$300 million development is a two-story, 480,000-square-foot casino, a 23-story 310-room hotel, fine dining restaurants, a multilevel nightclub with sky boxes and many more amenities. The Innovation Group did the feasibility analysis for the project expansion. [Back to "Clients Making News."](#)

Evangeline gets second chance

The once struggling Evangeline Downs has been give new life thanks to slot machines. Racing has begun for the season at the all-new 80,000-square-foot facility, with purses bolstered by slot revenue. And the slots in turn are benefiting from the additional spectators who come out simply to watch the horses work out on the new track. The success of the track is expected to help the state's racing and breeding industry overall, as people have come from out of state and to buy farms, as well as Louisiana-bred horses. The Innovation Group did feasibility studies for the conversion. [Back to "Clients Making News."](#)



Saratoga celebrates happy anniversary

Saratoga Gaming and Raceway recently celebrated its first anniversary as a racino, having paid out \$900 million in winnings and seen purses triple during the year. The facility opened with 1,324 gaming machines but has continuously broadened the selection of games during the year. Delaware North hired The Innovation Group to demonstrate the earnings potential of the new operation prior to the conversion. [Back to "Clients Making News."](#)



Table Mountain looks forward to next plateau

Table Mountain Casino, which began as a simple bingo hall for the Chukchansi-Mono Band of Indians, just celebrated 18 years of growth. The current facility just completed an expansion of its gaming floor and now features 2000 slots and 35 table games. Casino officials are already planning for the next phases of growth. The Innovation Group did the feasibility analyses and pro formas for the expansion. [Back to "Clients Making News."](#)



STAFF IN THE NEWS

Steve Rittvo - Painting a rosy "Portrait" of customer service



Steve Rittvo was quoted in "Survey Reveals Secret to Casinos' Holiday Wish List," Martin Baird's column in the December issue of Native American Casino. Steve emphasized the importance of customer service because gambling is such a discretionary leisure experience. His position was supported by findings in "Portrait of American Gamblers," the breakthrough research publication by The Innovation Group and Yesawich, Pepperdine, Brown & Russell. Gambling, Steve points out, is not only a social experience, but a very

subjective one. And guest-service training and education are reinvestments that should not be discounted. For more on the survey that supports this position, click here.

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Scott Fisher - Taking to the air; Covering Florida

Scott Fisher was recently interviewed on radio station, WDUQ-FM, Pittsburgh's public radio news station. Scott was asked for his opinion on what considerations West Virginia might be giving to installing table games at race tracks in response to the impending competitive threat of Pennsylvania's new slot law. That law allowed fourteen slot parlors to be built around the state. The Innovation Group had studied the issue, having done the studies for Senator Fumo that supported the change in Pennsylvania legislation. In addition, Scott had done a study of the economic impact of new competition on West Virginia Racetracks and the feasibility of the installation of table games there. The various potential impacts of the Pennsylvania law were also speculated upon in our August company newsletter. A reprint of our newsletter story may be seen at <http://www.theinnovationgroup.com>



Scott was also interviewed by Jackie Halifax for an AP wire story following the progress of the slot machine legalization and regulation in Broward and Miami-Dade counties. Scott was behind The Innovation Group's work for Floridians for a Level Playing Field, providing projections on the economic benefits of the change. Not only did he forecast the revenue to be expected by year, but also the number of slots per installation, the number of visitors, construction spending to build the new facilities and the number of jobs created. You can read the full story at: http://www.tallahassee.com/mld/tallahassee/news/breaking_news/10731947.htm



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Ernie D'Ambrosio sees the future of Atlantic City

An article by Ernie D'Ambrosio, Innovation Group Vice President Strategic Planning and head of our Atlantic City office, speculated on the future of the Atlantic City gaming industry over the next 10 years. The story, featured on Hotel Interactive.com, described what competition might be doing to impact Atlantic City's feeder markets and what Atlantic City's responses could be. You can find it at http://www.hotelinteractive.com/hi_index.asp?page_id=4000&article_id=4056



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Matt Sodl on "Masters" and Presidents

Matt Sodl was interviewed in Liz Benston's article in the Las Vegas Sun of the sale of the Golden Nugget by its owners Tim Poster and Tom Breitling to Landry's Restaurants, Inc. Sodl had previously worked with Poster and Breitling on the sale of their Internet reservation business, Travelscape, to Expedia, Inc. in 2000, and called them "masters of timing" for using cash from the dot-com sale to get in and out of the casino business. Poster and Breitling are expected to get back into the casino business at some point, and say that the Golden Nugget sale was mainly a matter of opportunity. You can read the story in full at <http://www.lasvegassun.com/sunbin/stories/gaming/2005/feb/11/518277210.html>

Sodl was also quoted on the bidding action that took place in the recent acquisition of the President Casino Broadwater Resort in Biloxi. Innovation Capital assisted with the \$82 million sale, which Sodl described as coming down to a "quite vigorous" bidding process between the two parties. Read the full article by Tom Wilemon in The Sun Herald at <http://www.sunherald.com/mld/thesunherald/10696337.htm>



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West Virginia weighs its defense

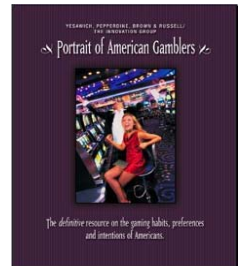
An Innovation Group study on the impact of gaming in Pennsylvania and other neighboring states on the gaming revenue potential of West Virginia racetracks is part of the discussion going through the West Virginia Legislature. The state stands to lose significant tax revenue to the new competition. But, according to the study, the impact will be less than half that if the four racetracks in the state are allowed to remain competitive by adding table games. The study projects the number of slot machines likely to be competing with West Virginia's gaming industry, as well as the number of visits likely to be drawn to Pennsylvania, the ensuing loss in tax revenue, and the number of jobs that would be added in West Virginia to staff the table games. Read the full article by Scott Wartman in the Herald-Dispatch at <http://www.herald-dispatch.com/2004/December/22/LNtop2.htm>



THE INNOVATION GROUP NEWS

Marty Baird knows customers

In his December column in Native American Casino, Martin Baird extolled the value of great guest service at a casino. He supported his position with findings from Portrait of American Gamblers, the survey of 2,500 active gamblers that we've recently published with Yesawich, Pepperdine, Brown & Russell. Many facets of customer service were studied, including attitudes toward friendly employees, concerns about security and customers' overall preferences for various amenities. Baird referred to the survey as "a must read for all casino executives." You can get more information on it at the YPRB Web site at http://www.yprb.com/page_loader.php?tid=v3&sid=publications&pid=gambler



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NIGA '05 Trade Show



Smart Marketing at NIGA '05

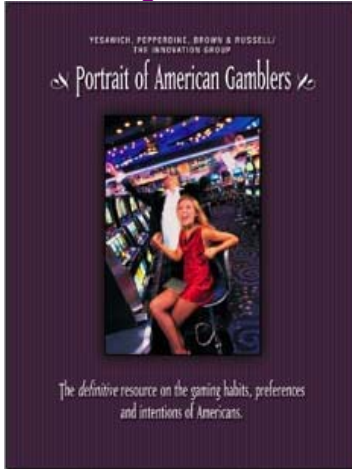
Stephen J. Szapor, Jr., Chief Operating Officer of The Innovation Group, and Meredith Vaughn, company Vice President Market Research, present a Certification entitled, "Smart Marketing: Understanding the Habits, Preferences and Intentions of Your Customers: focused on how to market smart to reach your ideal audience. The presentation covers the importance of market research in the overall planning and marketing process. In addition the results of numerous recent research studies conducted with active gamblers in the U.S. will be presented and discussion held with regard to the implications of these results to operators. The data is insightful as to what motivates gamblers to visit specific casinos and

how operators and marketing departments can translate this data into meaningful action plans. The report includes specific data on customers that visit Native American casinos and their perceptions.

And be sure to stop by and visit us at Booth 1538.

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Breakthrough research now available to all



Beyond the kind of information you can get from Players Club databases, do you know what motivates customers to pick a destination, pick a casino brand, pick a game or visit a new casino?

At The Innovation Group, one of the services we perform for our clients is to make strategic recommendations based on the research data that we've gathered. Now, we've undertaken one of our most significant research projects to date and we're releasing the findings in a publication that we feel is comprehensive enough to be of benefit to strategic development and marketing decisions at all levels.

The publication is *Portrait of American Gamblers*, a compilation of 2,500 in-depth surveys of a cross-section of U.S. adults who visit casinos. *Portrait of American Gamblers* is a joint publication of The Innovation Group, the nation's premier consultant in the gaming and leisure industry, and Yesawich, Pepperdine, Brown & Russell, the country's leading marketing services firm specializing in the travel and leisure industries.

Portrait of American Gamblers provides the kind of information on the habits and attitudes of casino customers that our clients are regularly seeking. What makes it different from other research reports is that it's not merely a count of how many gamers are playing where, but it's an examination of the evolving lifestyles and motivations that influence gaming behavior. We asked our subjects questions such as what drew them to the casino in the first place and about their future interest in visiting specific gaming destinations, specific casinos and specific hotel/resort brands. To give warranted attention to the rapidly growing segment of Native American casinos, we included several questions about customers' experience with these properties as well. We also included some in-depth questions on the non-gaming life of customers by probing their travel habits, media preferences, lifestyle, demographics and social values.

From the hundreds of gaming studies done by The Innovation Group over the past 12 years, for clients ranging from major casino companies to Native American tribes to governmental bodies, we have come to know the nature of information that's integral to the making of sound strategic decisions. Now, we've made a wealth of this information available to everyone. You can order your copy by going to the [Publications section of www.ypbr.com](#). Reasonably priced at \$995, it's sure to become an essential to any gaming library.

Topics covered in the study include:

- Incidence of day and overnight casino visitation during the previous 12 months
- Previous day and overnight visitation of specific gaming destinations
- Previous day and overnight visitation of specific casinos
- Future interest in visiting specific gaming destinations
- Future interest in visiting specific casinos
- Future day and overnight casino visitation intentions and frequency
- Preferred casino hotel/resort brands
- Visitation and experience with Native American casinos
- Average expenditures on gambling, entertainment, food and beverage, lodging and shopping for both day and overnight casino visits
- Desirability of specific attributes when selecting a casino (e.g., brand name, proximity, food and beverage, entertainment, nightlife, sporting events, architectural/design theme, ambiance, recreational amenities, parking, smoking, promotions, player recognition/reward clubs, etc.)

- Preferred games (e.g., slots, table games, etc.)
- Interest in specific casino slots (e.g., mechanical reel slot machines, video slot machines, video poker, video lottery terminals, Class II machines, etc.)
- Interest in specific table games (e.g., baccarat, bingo, blackjack, craps, live keno, poker, roulette, etc.)
- Players Club program membership and preferences
- Influence of specific promotional offers when selecting a casino
- Vacation habits
- Leisure time habits and preferences
- Social values
- Media habits
- General consumption preferences and behavior
- Political and religious affiliations
- Demography

To order your copy of YPB&R/The Innovation Group's Portrait of American Gamblers visit the [Publications section of www.ypbr.com](#).

In-depth market segment analyses (by geographic area, brand preferences, gaming preferences, etc.) are also available. For further information on the preparation of a custom analysis please contact Dennis Marzella, Executive Vice President/Partner, Research and Brand Strategy, Yesawich, Peppardine, Brown & Russell, at 407-875-1111 or dennis_marzella@ypbr.com.

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Casino Parking Garages - Often it's simple things that make a big difference (CONTINUED)

Signs

Informational and directional signs in parking garages are often, at best, ineffective and, at worst, confusing. It is my belief that while not enough signs are bad, too many signs are much worse. Further, many signs are ineffective due to lack of contrast (white characters on a dark background are best,) character size that is too large to allow sufficient background to provide enough contrast for legibility, or that contain too much information to be effective. As a general principle, signs that are high in contrast, legible and have a simple message are the most effective.

Elements of a good signing program are effective directional signs that guide the driver to a parking space, including handicap accessible spaces and to the garage exit.

Another category of signage identifies where the driver is parked (Level 2B, for example) and how to get to the elevators, stairs and, ultimately, his destination. This type of signage is generally pedestrian oriented.

Markings

Markings, or more specifically, pavement markings, communicate traffic flow and traffic control. Arrows communicate the direction of traffic flow, and permitted or required turning movements. Centerlines indicate two-way traffic on circulation aisles, "STOP" legends supplement traffic control at internal intersections, and hatch markings define pedestrian paths and no-parking areas associated with waiting areas, elevators and fire stairs.

Lighting

Adequate lighting is important when the customer is driving in the garage, so that he can see other vehicles and pedestrians, and when he becomes a pedestrian as he walks to and from his car. Adequate lighting also provides a sense of security while walking between the casino or hotel lobby and the vehicle.

The parking garage is usually a customer's first impression of the casino. Is yours so pleasant and easy to navigate that it's barely noticed, or does it contribute to an anxiety-producing event that becomes the part of their visit that they share with friends? Either impression is within your control. While the best time to optimize the balance of the structure and the customer experience is before construction, it's not too late to retrofit existing garages with better signage, lighting, and sometimes, even a better circulation.

As our research continues to show that customer service is a significant part of why someone chooses a casino in the first place, and as you're thinking of ways to improve yours, don't forget to think outside the casino.

Urban Systems Associates is a New Orleans-based transportation and traffic engineering consulting firm specializing in the planing and design of traffic flow, parking and safety systems.

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INNOVATION CAPITAL UPDATE

Principals of Innovation Capital Raise Financing for Bedford Downs

\$82 Million Winning Bid for President Casino Broadwater Resort

Principals of Innovation retained by Landmark Gaming

Principals of Innovation Capital Raise Financing for Bedford Downs

Principals of Innovation Capital were engaged by Bedford Downs Management Corporation (BDMC) to assist it in replacing Isle of Capri Casinos, Inc. (Nasdaq: ISLE) as the Company's equity partner in the competition for the state's fourth and final harness racing license. The strength of the partners' credentials in the gaming industry proved solid enough for the Pennsylvania Harness Racing Commission to overrule an earlier decision by the Commission's Hearing Examiner and allow the applicant the opportunity to present evidence of its financing partner's capabilities for the project. Bedford Downs is proposing a \$210 million harness racetrack and casino development in New Castle, Pennsylvania (50 miles north of Pittsburgh).



On February 21, 2005, testimony was entered into the record for the benefit of the Harness Commission where it was revealed that Matt Sodl, President of Innovation Capital and a registered representative of Growthink Securities, had orchestrated a 30-day capital raising process that resulted in definitive agreements being entered into on a \$30 million equity investment by Merit Management Group, LP. Merit is a privately-held company specializing in developing, financing and operating casino properties. Merit's principals developed and operated

the Empress Casinos in Joliet, Illinois and Hammond, Indiana, and Silver Reef Casino for the Lummi Nation in Bellingham Washington.

The Harness Commission also heard testimony from Merrill Lynch who will be working with principals of Innovation on the balance of the Company's capital structure. It was also revealed that to the Harness Commission that Edward Tracy, who was the former CEO of Donald Trump's casino/hotel company, was named President and COO of the Company. Mr. Tracy has subsequently been named interim-CEO of Mid-State Raceway whose principal asset includes the Vernon Downs harness racetrack in upstate New York..

As a result of Pennsylvania's new slot legislation, competition for the license has been especially intense because the winner of the harness track license will also be entitled to build a casino with up to 5,000 slot machines. The Company's Chairman and CEO, Carmen Schick, has been quoted in the Pittsburgh-Post Gazette saying that since he has engaged the principals of Innovation the firm's involvement "actually provides a greater level of confidence in Bedford Downs' ability to bring its vision to reality."

The first slot-machine licenses to racetracks are expected to be issued as early as December, making it possible for these parlors to be operational by the end of 2006.

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\$82 Million Winning Bid for President Casino Broadwater Resort

Innovation Capital Assists in Bankruptcy Sale of Assets



A record \$82 million has been bid for the President Casino Broadwater Resort, the highest amount ever paid in a land sale in Mississippi. According to a report by Tom Wilemon in the South



Mississippi's SunHerald.com, the winning bid was placed by W.C. "Cotton" Fore and Roy Anderson III along with the Dezer family, South Florida developers who have licensing agreements with Donald Trump to use the name of the celebrity capitalist on projects.

Assisting with the sale was Matt Sodl, Managing Director of Innovation Capital Holding. "We're pleased that the

bidding action was quite vigorous between the two parties," said Matt. "Both parties came to the table wanting to own it. That was the nature of the bidding. It was a very lengthy bidding process."

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Principals of Innovation Capital retained by Landmark Gaming

Principals of Innovation Capital (though its broker-dealer affiliate Growthink Securities) were engaged by Landmark Gaming, LLC to assist it in securing financing for its proposed \$67 million riverboat casino development project for which it has submitted a application for a license to the Iowa Gaming Commission. The proposed project, The Landmark Casino & Hotel, is a moored barge casino, hotel and entertainment facility in the Mississippi riverboat style. Landmark Gaming LLC will be 40% owned by Century Casinos Iowa, Inc., a wholly owned subsidiary of Century Casinos, Inc., if a license is granted. The other 60% will be owned by Iowa residents that own the land and land option that will be developed into the Landmark project. Century Casinos Management, Inc. has entered into a long-term agreement to manage the casino.

If a casino license is awarded to the Company, The Landmark Casino & Hotel is projected to be open within 15 months of license award and finalizing of funding arrangements. The proposed project includes a facility with up to 1,200 slot machines, 34 tables, 120 hotel rooms and 1,500 parking spaces, and will employ approximately 430 people. Total revenues in the first year are expected to be \$72 million according to a study prepared by Gaming & Resort Development, Inc. Total capital costs for the project are estimated to be approximately \$67.0 million.

The Franklin County Development Association (FCDA) is the project's qualifying sponsoring organization, and assisted in garnering strong local support that resulted in the county approving the required referendum in January, 2004. The IRGC is expected to rule on the submissions in May, 2005.

Innovation Capital Holding is an advisory firm with a dedicated practice focused on the gaming, leisure and hospitality industry. The firm is headed by Matt Sodl who is an investment banker that has covered this industry sector for more than 10 years. Parties interested in learning more about Innovation Capital should contact Matt Sodl at (310) 335-2085 or msodl@innovation-capital.com.

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For more information on The Innovation Group, visit <http://www.theinnovationgroup.com> or contact [Steve Rittvo](#) or [Stephen J. Szapor, Jr.](#)



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