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Client and Company News for June 2005

Who'll take what's behind the Iron Curtain? Gaming expansion in Eastern Europe and Central Asia

By Matthew J. Landry



The Innovation Group's early-stage development projects often provide an indication of emerging global market opportunities. In addition to the considerations I have encountered for developments in the United States, when working in foreign countries, increased research must focus on the local and regional economic structure, the legislative environment, the political establishment and the ability of the management team to develop and manage a facility. Recent changes in Asian markets have drawn attention to Macau and Singapore. Lately, we've also been doing a significant number of projects in Eastern Europe and Central Asia. During one week in April, we had teams in Croatia, Kazakhstan and the Ukraine all at the same time. We're also engaged in market assessments and feasibility studies in Latvia, Hungary, Germany, Russia and the Czech Republic.



Why all the development now? The time is right.

Following the breakup of the Soviet Republic and fall of the Iron Curtain, countries are growing economically, populations are enjoying more discretionary income, transportation is improving, tourism is increasing and the business sector is discovering that capitalism has its merits. New global markets are drawing attention as former communist economies that were faltering not long ago are stabilizing, while others, particularly those with membership in the European Union ("EU"), are flourishing. Factors such as flexible labor laws, low corporate and personal tax rates, and low-cost labor are driving growth in several industries, including gaming. Several forces are currently influencing the industry's growth and will continue to in the near-term.

Diminishing Borders

The first force is the diminished impact that borders are having on people's ability to purchase all goods and services in Europe. Western Europe, one of the wealthiest regions of the world, historically limited casino gaming in the name of protecting culture and society. When the opportunity arose, casinos were first built in population centers, such as Moscow, Warsaw and Prague, before a clever person considered the rural opportunities in border regions. Casinos along the former Iron Curtain now consistently attract gamblers from Western European countries, where oppressive tax rates, social norms and mores, and even dress codes have stifled modern casino development. A great example exists along the border between the Czech Republic, Germany and Austria, where EU membership makes it easy for patrons to



cross borders.

The top grossing casinos in the Czech Republic are not located in its largest city, Prague, which enjoys a wealth of tourism. They are located in small border towns, such as Haté and Česká Kubice, and cater exclusively to foreign clients that can easily cross the border as members of the EU. German tax rates are between 80 and 92%, suffocating operators and inhibiting any substantial casino development. It is common for German casinos to split gamers' tips with their employees, a practice that would seem outlandish in American markets. In Southern Germany, the 4 state-owned casinos in Bavaria reported a 5% drop in attendance in 2003, as

competition from casinos in the western Czech Republic increased.

Casinos in Slovenia are attracting gamblers from Italy, where tight marketing restrictions and high tax rates have hampered growth in the industry. In 2004, over 87% of all visitation to Slovenian casinos was foreigners. [CLICK HERE TO CONTINUE ARTICLE](#)

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THE GUEST COLUMN



Seven Keys to Improving Casino Customer Service

By Martin R. Baird

I can't walk into a casino without encountering a stream of management questions related to customer service. How do we improve our customer service? How do we make our customer service training work? How can we build a long-term customer service solution? We can't outspend the competition, so how do we outservice them? Casino executives who ask these questions are on to something. They know that no matter what else is going on in the world, their guests always want one thing: a great casino experience. Guests want an experience that is so wonderful and memorable that it keeps them coming back even if they have less money in their pockets when they leave. Guess what? Good customer service and the outstanding customer experience that comes from that also have an effect on your bottom line. Guests who enjoy themselves will come back and play again.

Shedding light on casino financing at the Mohegan Sun

Three put their two cents into NCLGS

Access the data behind the book

Having said that, I want to pass along seven keys to improving customer service at your casino that I've learned from years of helping the gaming industry. These seven keys will set you on the right path to creating a customer service culture at your property and reaping the rewards. **CONTINUED BELOW**

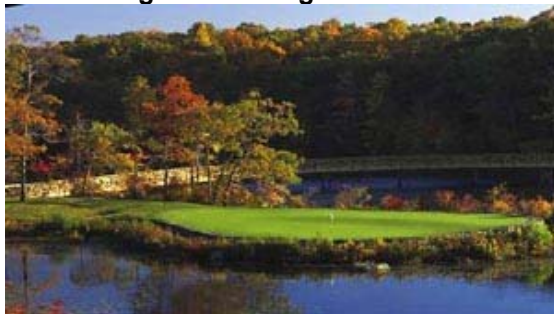
CLIENTS MAKING NEWS

Indiana takes it back 100 years

In the early 20th century, wealthy travelers visited French Lick, Indiana to gamble illegally and enjoy the valley's mineral-spring spas. The former glory of that area is on its way to be restored thanks to gaming development. The Indiana Gaming Commission is expected to select an investment group led by industrialist Bill Cook of Bloomington and Indianapolis real estate developer, the Lauth Group, for the project of the state's 11th casino. The Innovation Group performed the market assessments that projected the project's revenue as well as tax income for the state. The partnership, called Blue Sky Casino LLC, has plans for a development that will include the restoration of the two historic hotels at French Lick and West Baden. Together, the hotels will offer 240 rooms, a conference and event center, and new swimming pool center. An 18-hole golf course and two restaurants are also planned. The casino is expected to open next year with 1,000 slot machines and 25 table games. [Back to "Clients Making News."](#)



Foxwoods goes for the green



Foxwoods Resort Casino has recently opened two world-class championship golf courses at its complex in Connecticut. Already the largest casino resort in the world, Foxwoods is still growing outside and in, and has plans to add 2-million more feet of gaming and non-gaming space that will include a new hotel, restaurants and convention space. The Innovation Group did the studies for Foxwoods to help strategically determine the optimum mix of amenities. [Back to "Clients Making News."](#)

Tioga Downs returns to the '70s.

In a unanimous vote, Tioga County, New York lawmakers voted to allow the operation of video lottery gaming at the Tioga Downs Racino in Nichols. Tioga Downs discontinued racing in the 1970S, but will renew harness racing once construction, which will begin this summer, is complete. The new facility will include a restaurant, sports bar and lounge and also host simulcast racing. The Innovation Group did the feasibility study for the project to project the potential revenues in light of various competitive situations. [Back to "Clients Making News."](#)



Iowa awards four new riverboat gaming licenses.

Iowa state gambling regulators have awarded four new riverboat casino licenses for projects proposed in Waterloo, Riverside, Emmetsburg and rural Worth County. The Worth County and Riverside projects were also Innovation Group clients, for whom we executed the gaming market assessments. The new boats are expected to be huge economic boosts for their respective areas. Iowa currently has 16 casinos, including 10 riverboats, three racinos and three Native America casinos. The new riverboats are expected to be in operation by 2007.



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Pennsylvania could be first state to become slot billionaire



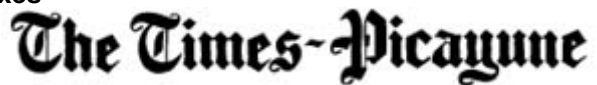
Some projections for Pennsylvania's share of the new gaming revenues exceed \$1 billion, which would make it the first state to achieve a 10-digit revenue figure from gambling. Because state income from gaming is a generally a factor of gross revenue and the tax rate, Pennsylvania's take may surpass even that of Nevada, which has a lower tax rate. Part of the discrepancy in the different revenue projections is a difference of

opinion as to when the machines reach full capacity. Those estimations range from 2 to 4 years. The Innovation Group did the initial revenue assessments for Pennsylvania's Senator Fumo, which were instrumental in getting that state's gaming legislation passed. [Back to "Clients Making News."](#)

STAFF IN THE NEWS

Steve Rittvo on the certainty of destinations and taxes

In "Not Playing Games" in the New Orleans Times-Picayune, reporter Rebecca Mowbray describes how the new trend in casino resorts is to add amenities



that can sometimes produce more revenue than the gaming side of the business. Innovation Group President Steve Rittvo is quoted saying that the Gulf Coast as a whole can begin to be perceived as such a destination resort because of the total mass of casinos and amenities. The article describes how Pinnacle's soon-to-open L'Auberge du Lac Hotel & Casino in Lake Charles, Louisiana will be the first riverboat casino in the state to offer an amenity mix that includes gourmet restaurants, luxury villas for high rollers, a spa and a championship golf course. You can read the article in its entirety at:

<http://www.nola.com/business/t-p/index.ssf?base/money-0/1116742103211180.xml>

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Scott Fisher has Asia Covered

Scott Fisher, Ph.D., Innovation Group Managing Director, has been quoted extensively in the press recently, relative to his study of the booming Asian gaming market.

MEDIACORP
News



CHANNEL NEWSASIA
INTERNATIONAL

In a story in *Channel NewsAsia* by Farah Abdul Rahim, Scott comments on the potential of Singapore to become the second biggest gaming market in Asia, after Macau. The Asian market as a whole, said Scott, "could go to \$15 billion to \$18 billion over the next few years and Singapore would probably get 10 to 15 percent of that total, about \$2 billion in market potential."

Regarding the bids for Singapore's integrated resorts, Scott added, "There's this fear that some of the proposers have \$3 billion plans. That's astounding in raw numbers, but, in my opinion, it's just not feasible, with gaming being only a small share of the resort."

Scott's Asian projections were also quoted in "UDPATE: Packer, Ho Plan Their Second JV Casino In Macau," by Stephen Wright of *Dow Jones Newswires* at:

<http://au.biz.yahoo.com/050512/18/4cwi.html>



ASIA TIMES
www.atimes.com

And in "Casino aces to boost Singapore economy" in the *Asia Times Online* at: http://www.atimes.com/atimes/Southeast_Asia/GD20Ae02.html

Scott was also quoted saying he expects the Singapore market share to come from Malaysia, Indonesia, Thailand and locals, and not from Macau as some other analysts are claiming. In "Nanny takes to gambling" in China's *Weekend Standard*, Scott says, "I don't see there



being virtually any shared market with Macau."

<http://www.thestandard.com.hk/stdn/std/Weekend/GD16Jp04.html>

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Paul Girvan knows what makes a full house

Paul Girvan, Innovation Group Managing Director, was quoted in a story on Hartford, Connecticut's WFSB-TV on the resurgence of poker rooms at casinos. With a popularity boosted by televised celebrity tournaments and championships, and by online games, casino such as Foxwoods Resort Casino, with its 81-table poker room, are accommodating the game. Although the return is limited, Paul puts it in perspective saying, "what's been discovered is, with its popularity, poker has the ability to draw people into the casino that might not otherwise be there." Read the story online at: <http://www.wfsb.com/Global/story.asp?S=3175501>



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Rittvo and Girvan on drawing a crowd

The recent *Tribal Government Gaming* annual featured an article by The Innovation Group President Steve Rittvo and Managing Director Paul Girvan on trends in entertainment venues at casinos. In "Raising the Bar ... And the nightclub, concert hall and other entertainment venues," the authors discuss the strategy and drawing power of live entertainment and entertainment venues. The art is to build them the right size so they fit the crowd potential and to book performers that draw your target demo. And that target can be the demo you have or the demo you want to have. The article also describes some of the venues The Innovation Group has helped to size to match casinos' marketing and operating strategies. *Tribal Government Gaming* is an annual supplement of *Global Gaming Business* magazine. [Back to "Staff in the News"](#)



The Innovation Group hires Jim Oberkirsch

The Innovation Group has recently hired James J. (Jim) Oberkirsch as Director, Consulting Services. In this capacity, Jim will be responsible for preparing and evaluating market assessments, feasibility studies, financial analyses and pro formas for The Innovation Group clients throughout the United States and the world. Jim brings over sixteen years of experience in financial analysis and management to the firm, as well as a background in the gaming industry. Most recently, he was Chief Financial Analyst with the Missouri Gaming Commission, a senior management position created to establish and oversee the finance division. Jim is a CPA and has a Master of Business Administration from St. Louis University with a concentration in Accounting and Finance, and a Bachelor of Science in Finance from the University of Missouri. [Back to "The Innovation Group News"](#)



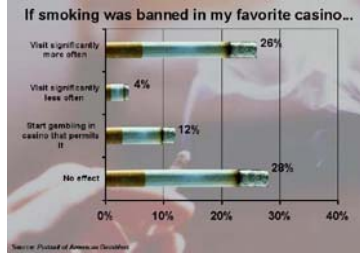
Shedding light on casino financing at the Mohegan Sun



The Innovation Group COO, Stephen J. Szapor, Jr. and Innovation Capital Holding Managing Director Matt Sodl will both appear in panels at the upcoming Native American Finance Conference at the Mohegan Sun, June 27-29. On Tuesday, Matt Sodl sits on a panel covering "General Borrowing Basics: A Starting Point," touching on everything from finance fundamentals to capital plan investment formation. On Wednesday, Steve Szapor's panel is "Casino Expansion: If, When and How," and will cover such issues as cost/benefit analysis of the project as well

as the potential of a general gaming glut. [Back to "The Innovation Group News"](#)

Three put their two cents into NCLGS



The Innovation Group staffers Steve Rittvo, Thomas Zitt, Ph.D. and Jim Oberkirsch all made presentations at the National Council of Legislators from Gaming States Summer Meeting 2005 in New Orleans. Steve was the keynote speaker at the luncheon and addressed the top gaming issues facing legislators today. In his presentation he referred to research data from *Portrait of American Gamblers* to show how the gaming public feels about such topics as smoking in casinos, safety,



transportation access and the number and variety of games. Tom Zitt addressed the fiscal impacts of casino development and their offsetting revenues, and Jim Oberkirsch discussed state tax rates and how they can encourage or inhibit development and expansion. The Innovation Group and Hollywood Greyhound Track also co-sponsored the opening night reception for the conference and staged "Mardi Gras in June," complete with beads and a balcony on Bourbon Street. [Back to "The Innovation Group News"](#)

Access the data behind the book

In the course of undertaking 2500 in-depth surveys to produce our recent research publication, *Portrait of American Gamblers*, we gathered an incredible amount of data. And even though *Portrait* is comprehensive enough to be of benefit to strategic development and marketing decisions at all levels, much of data behind it can be cross-tabulated to suit custom situations. This can be a very economical way to obtain a custom primary research study. *Portrait of American Gamblers* shows how gamblers' answers compare to those of the general population and breaks down most of the responses by age, income and region of the country. But, by re-analyzing that data, we can also generate subsets to show how those responses compare to customers who favor a specific casino or a specific game, to a specific demographic, to occupations, to smoking preference and much more. The list of topics at the end of this article is an indication of some of the fields that can be cross-tabulated.

Portrait of American Gamblers EXAMPLE

Most Important Casino Attributes (Entertainment):

	Echo			
	Boomers	Xers	Boomers	Matures
	%	%	%	%
Nightlife and live entertainment	65	56	48	33
Concerts	49	40	37	24
Production Shows	22	25	26	25
Boxing	24	20	12	6
Adult Revue Show	16	13	8	9

SUBSET EXAMPLE

Interest in Table Games

	Non-Racino Gambler	Racino Gambler
Extremely/Very interested in:	%	%
Blackjack	53	56
Poker	31	41
Roulette	21	26
Craps	22	26
Bingo	23	21
Caribbean Stud, Pai Gow	11	17
Live Keno	13	14
Baccarat	6	7

The information in a subset analysis can be tailored to the strategic focus you indicate, and the report itself is designed to allow you to quickly and easily make accurate assessments of a large amount of consumer preference information as it applies to your specific situation. The potential also exists to enhance the basic premise of the subset analysis by creating a more defined consumer focus through the cross-tabulation of multiple subsets. An example of the value of this would be an analysis that focuses on gamers with a certain attribute who reside within a specified geographic region (e.g. preferences of slot players in the Chicagoland market). As long as the initial subset sample is large enough to maintain statistical validity through the additional subset tabulations, the possibilities are virtually limitless.

To discuss in-depth market segment analyses please contact Dennis Marzella, Executive Vice President/Partner, Research and Brand Strategy, Yesawich, Pepperdine, Brown & Russell, at 407-875-1111 or dennis_marzella@ypbr.com.

Portrait of American Gamblers, the currently available bound version, is a joint publication of The Innovation Group and Yesawich, Pepperdine, Brown & Russell, the country's leading marketing



services firm specializing in the travel and leisure industries. *Portrait of American Gamblers* reaches beyond the kind of information you can get from Players Club databases, delving into the realm of what truly motivates casino customers to pick a destination, pick a casino brand, pick a game or visit a new casino.

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](http://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](http://www.ypbr.com).

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Eastern European Gaming Expansion (CONTINUED)

Legislative Changes

Just as changing gaming laws domestically in states such as Pennsylvania and New York are creating new growth opportunities for gaming, a similar force is in its infancy in Europe. It's the same general phenomena we cited in our July 2004 newsletter--the domino effect relative to Pennsylvania, being played out on the other side of the world. While scenarios such as these are emerging in gaming

phenomena may occur in Europe, and it may not be



jurisdictions throughout the United States, similar as far off as many think. Some German casinos, located in the former East Germany, enjoy tax rates that are significantly lower than their countrymen. However, we are starting to see some reconsideration of the laws governing gaming, including high taxes, as pressure increases from interested parties.

At the same time, legislative changes being contemplated in Russia will require more capital and impose more restrictions on operators. These changes, which several influential industry CEOs support, will assist larger, well-capitalized operators while providing assurances and security for patrons. Credibility in this region is of great value; facilities that currently have good reputations are earning a

premium to their fair-share.

Facilities and Offerings

The classification of what one might call a "casino" varies widely. On one hand, there are true casinos with mostly table games and some slots. Historically located in hotels, markets that attract more local gamers, like Moscow, have many independent casinos that are now considering hotel development. Forbes' list of the world's greatest casinos includes the Casino Baden-Baden in Germany and the Casino Metropol in Moscow. In addition to casinos in the old hotels, some of the grand new hotels feature gaming as well. The new Ritz-Carlton in Moscow has two floors devoted to casino gaming.

At the other extreme are the simple slot machine arcades or merely a row of machines in the side of a building to accommodate those waiting for public transportation. Ownership of these properties ranges from simple mom-and-pop operations to international firms that raise money in public markets. Some smaller operations in Moscow have reportedly closed when a client hits a jackpot, or they simply refuse to pay out. This has led to some reconsideration of the country's relaxed gaming laws, where a license from one state can be used in another state, as if it were a driver's license. This has enabled any Russian with \$50 and motivation to operate a casino.

Political thinking on gaming is generally moving to equilibrium. In Russia, slot parlors are mushrooming everywhere because regulations are so lax. This is perceived as a problem by many, and the climate seems to be moving toward the aforementioned regulation. This regulation is expected to lead to consolidation in the number of operators, although some slot parlors will likely continue on unless it is directly addressed. Simultaneously, in several western European countries, consideration is being given to loosening restrictive laws to adjusting high tax rates in order to make casino expansion at home more attractive. The most notable example is the United Kingdom, but the movement may take hold in continental Europe also.

The size and scope of the offering is also evolving, following the same models we've seen in the United States. Lower corporate tax rates and increased competition provide incentives for capital investments in non-gaming amenities. Casinos are becoming larger, more modern and more sophisticated and including amenities such as hotels, gourmet restaurants, entertainment and other attractions. The Paris in Moscow now features a hotel, several restaurants, live entertainment, karaoke, billiards and more.

Consolidation

Even if the proposed legislation in Russia passes through the Duma, consolidation is already taking hold. Casinos in areas with a lower tax rate have experienced some growth, and in areas of increased competition, marketing efforts and amenities distinguish certain properties. Inevitably, winners and losers appear, and a big fish may eat a small fish.



Three large operators currently control more than half of the slot parlors in Moscow. Two larger operators own eight casinos situated along the border that separates the Czech Republic from Germany and Austria. HIT Entertainment is by far the largest and most successful operator in Slovenia, with nearly 70% of all casino visitation in the country.

Larger operators are benefiting from the scale of their operations, whether it be from cost savings on the operational side or the premiums they are earning based on name brand recognition. All of this is occurring without the branding wizards of Proctor and Gamble, or even the sophisticated marketing efforts of casino operators in developed markets such as Australia or the United States. After the all-important location has been established, success for these operators has been based on the same fundamentals we recognize in other markets -- clean, attractive facilities and customer service.

Casinos now appear more reputable (and many are) and are beginning to appreciate how these appearances are important in making customers feel more comfortable. As locals and tourists perceive this, the casinos will continue to thrive. As the legitimization progresses for casino operators, ancillary services and complementary firms are starting to surface. Casino Connection International, publisher of *Global Gaming Business*, the leading international trade publication for the gaming industry, now publishes *Global Gaming Business Russia*, a magazine devoted to gaming there as well as in the Commonwealth of Independent States.

Progress for Progressives?

Another example of increasing legitimization of the casino industry is the fact that there are now two trade shows in Russia. EELEX is the third largest industry conference in the world and the largest gaming and entertainment industry trade show in the former Soviet Union. Participants include over 200 global manufacturing, distributing and operating companies; last year's event had a much greater international representation than previous years. The next EELEX event, scheduled for this December, is expected to be even more of a draw. Earlier this month, Slot Revolution made its debut as a slots-only trade show focusing only on new equipment released since EELEX. This show features a number of Russia's leading slot manufacturers as well as such familiar international manufacturers such as Ainsworth, Atronic, Bally, WMS, IGT and Novomatic. Until recently, most of the slot machines in these regions were basic compared to other markets. Public demand for more modern and sophisticated slots is growing and machines are increasingly tailored to each market and offer both familiar languages and features that local clients demand. At the same time, the change in the economic climate is spurring a rise in domestic machine manufacturing.

In general, there is greater political stability as some countries are entering the European Union. However, there are enough vestiges of doing business the "old ways" that many outsiders are exercising caution. For locals, who know how to get around in the system, the opportunities are greater. Most foreign firms seek local partners. While American majority ownership is non-existent, some American companies have partnered with locals, such as the Czech Republic's Millennium casino which is 50%-owned by Colorado-based Century Casinos. American Chance Casinos, which owns five casinos in the Czech Republic, is a European subsidiary of a U.S. publicly traded company, Trans World Corporation.

Shifts in economic and political philosophy are leading to changes in the gaming industry's role within these dynamic economies. While there is an evolution of general political thinking regarding the economic value of the casino industry, there is also an evolution of the nature of the physical properties and an evolution of the true and perceived legitimacy of the operations.

Capitalism is changing the gaming industry in Eastern Europe and Central Asia. To see how the change will proceed, one must simply understand how it progressed in the United States. Casinos will continue to compete, expand and offer more amenities. Slot machines will get more sophisticated. Laws and tax rates will change to help nations compete with their neighbors for gaming customers. In the long run, we expect to see more consolidation and closings of uncompetitive operations. As the gaming industry develops in Eastern Europe, they will have one additional advantage -- they'll be able to study the successes and mistakes of the countries that developed before them. [Back to Top](#)

Key #1: Change is Difficult

For some reason, people in the gaming industry lose sight of the fact that change is difficult. When I ask executives about getting players to try new games, they tell me how hard that is to do. They give examples of how slowly players get around to doing something new.

Players and employees are the same when it comes to change. Human beings do not quickly accept change unless they experience a major event or have some other good reason to change. Therefore, when you're trying to develop a customer service culture among your employees, you'll find it won't happen quickly or easily.

Some casinos think they can "change" their people by marching them through a three-hour orientation or training session. Wrong! Change takes a high level of repetition and it needs to be of interest to those on the receiving end. You must identify what will motivate your people to perform the desired behaviors you're looking for. Yes, a very small percentage of your staff members will change just because you ask them to. The challenge is getting a critical mass of employees to see that this change, this customer service culture, is in their best interest. If it's not important to them, most will not invest the effort needed to change.

Developing a customer service culture is an evolutionary process.

Key # 2: It Starts With Hiring, But That Is Not Enough

All casinos work hard to hire the very best candidates to fill job openings at their property. Unfortunately, that's just the beginning. Hiring the very best is a great place to start, but it simply isn't enough. If hiring the "right" person was all it took, there would not be a multibillion-dollar training industry. A company invests in training because it needs and wants more out of its people.

All of us face budget crunches on an ongoing basis, but what is your budget's alternative to training? If you're like most properties, you don't have a choice. You find and hire the best of the best and they still need improvement.

Just for fun, take a day and look at the amount of time and energy you spend hiring people. Now look at what it would take to turn your employees into truly great customer service ambassadors. It's much better to invest in training than it is to throw money out the window hiring people and then firing them for not providing the level of customer service that will allow you to compete.

Key #3: All Training Is Not Created Equal

Isn't it odd that people will spend \$30,000 for a specific automobile because they recognize the quality of the brand but when it comes to investing in the growth of their employees through training, they shop it based on price alone?

Don't get me wrong. I have no problem with buying discounted paper towels and napkins. That, to me, is good business sense. But I would not buy something as critical to my overall success as the customer experience and purchase it on price alone.

Automobiles are not created equal and the same goes for training. I've attended training sessions that did not use the principles of accelerated learning and within 10 minutes I was looking for the escape hatch. I couldn't stand it. It was boring and slow and those were the good points.

Learning 101 dictates that people learn when they say it and do it. Unless you're trying to teach your employees how to sleep, the training needs to have more interest. People retain new information the least when all they do is listen to a lecture.

You need to invest in training that makes the experience fun, that encourages participation. The trainers also need to know the industry. They should understand that most gaming employees only make money when they offer their customers a great experience. I've heard hundreds of stories about casino employees getting tokens from people who were losing money. Employees know that they will not always be compensated for their efforts. But they know they will win over time if they put in a consistent effort. Good training gives them the skills they need to make that effort.

After all, this is the entertainment business and if your employees are not part of the entertainment, your customers will make the choice to spend their dollars elsewhere.

You should also hire a company that specializes in customer service training for the gaming industry. Some casinos say they have one of their other vendors provide guest service training. That's shocking because these are the same people who would never consider opening a window with a brick.

Companies that don't specialize in customer service training can help you reach an outcome. It may not be the exact outcome you desire but they will help you to a point. The problem is they don't always leave things in the best condition. A brick will open a window. The cleanup may not make it worthwhile, but the window will now be open.

So why would you trust your customer service needs to a company that doesn't specialize in customer service consulting for the gaming industry? If you need to improve customer service, don't grab the closest tool or hire the most available company. Invest a little time auditioning to make sure you find the best solution for your guest service needs.

Coming up next newsletter: keys four through seven (The Fun Factor, It's An Investment, You Need to Start With An Accurate Perspective and People Are Not Born With the Customer Service Gene).

This article previously appeared in Gaming Products & Services.

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