



## Client and Company News for September 2004

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### Surprise me

Nothing is worse than sitting through a focus group of a client's customers who simply confirm what you already knew. Focus groups should turn up surprises. They should expose opportunities or problems that you didn't know existed, that you can then corroborate with a survey.

Most of you know the basics of research. While quantitative research measures, qualitative analysis explores. Qualitative research uses tools such as focus groups and one-on-one interviews to examine attitudes in depth. We frequently use focus groups to probe customer satisfactions, uncover dissatisfactions and investigate preferences for proposed amenities. For a client in a flat market, we've used focus groups to discover ways to expand their business to ethnic and minority segments. They're a forum for letting customers suggest the solutions.

In assembling a group, we invite the specific profile of persons we want to interview. And when the group can't come to us, we find a way. In order to assess the optimal sizing of a client's planned conference center, we needed to interview a few dozen corporate meeting planners in targeted regions. So, we simply chatted with them on the phone at length about the criteria they used in choosing a destination. One surprise was that the respondents felt the existing, nicely designed meeting spaces were too sterile and lacked atmosphere.

But the one thing you can never, never do with a focus group is to extrapolate. You can never say that "half of the group feels this way, therefore half of the market must, too." Qualitative research doesn't quantify. That's what quantitative research does. Once an opinion is thrown on the table, you can then measure its pervasiveness with a survey.



Response	Sample		Region			
	Total	%	East	Mid	West	South
Clearliness and Up-keep of Facility	72	6.9%	6.2%	6.2%	6.2%	6.2%
Courteous and Friendly Employees	72	6.9%	6.2%	6.2%	6.2%	6.2%

Quantitative research delivers numbers, shares, percentages. It uses techniques such as telephone, mail

and Internet questionnaires and intercept surveys to gather responses so they can be counted and cross-tabulated. We've used quantitative surveys to gather a wealth of data on players' clubs, food and beverage service, advertising and awareness, high limit slot areas, competitive advantages and even to measure the impact of impending changes in state cruising requirements. For one client we measured the role that different resort amenities play in generating interest in a casino resort above and beyond gaming; and in the same survey we analyzed patrons' perceptions regarding Native American casino gaming in California in general. And when standard survey techniques don't offer the right vehicle, we innovate. We've used a parking lot survey to trace license plates through DMV files and match them to the registrants' zip codes to significantly improve the effectiveness of a client's direct mail marketing. [More](#).

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## CLIENTS MAKING NEWS

### Florida Goes back to Polls over Gaming Expansion



In a November 2nd Florida election, voters will decide whether Miami-Dade and Broward counties can add slot machines to racetracks and Jai-alai frontons. Although efforts to expand gaming have been rejected by voters three times in the past, supporters are hoping that limiting the gaming expansion to these two South Florida counties will make the difference. The Innovation Group was hired to evaluate the economic potential of the proposed expansion and the revenue benefits to the state. Part of this included a market assessment of the three main components of the potential gaming demand: local patrons, tourists and seasonal residents. While gaming is already permitted at a variety of venues throughout South Florida, including tribal gaming facilities and "Cruise-to-Nowhere" operations, notably none of the other gaming jurisdictions are subject to state taxation. As a result, the state and its citizens receive no fiscal benefits. You can see two articles on the subject on Miami Herald.com. A free registration is required.

<http://www.miami.com/mld/miamiherald/news/state/9258514.htm>

<http://www.miami.com/mld/miamiherald/news/local/states/florida/counties/browarc>

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### Foxwoods Keeps Getting Bigger and Bigger

Foxwoods Resort Casino is already the world's largest casino, yet it continues to grow. The 12-year-old development is undergoing a major \$300 million



renovation and expansion that includes a remodeling of current facilities plus the addition of add more slot machines, more parking and new shops and restaurants. The Innovation Group did the research that explored what mix of retail, dining and entertainment would be the best mix. Also under construction is the

36-hole Lake of Isles golf resort, scheduled to open next spring. The Mashantucket Pequot Tribal Nation, owner of the development, is already studying options for the next big expansion as they continue to forge the property into a complete destination resort.

<http://thewesterlysun.com/articles/2004/08/01/news/news5.prt>

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## Poarch Creek Plans More for Atmore

Alabama's Poarch Band of Creek Indians has been evaluating the various options for improving its Poarch Creek Bingo Palace in Atmore. The Innovation Group was hired to assess the economic viability and optimal sizing of a number of resort amenities to be added to the proposed hotel and larger Class II casino. The amenities being considered include a championship golf course, an outdoor water park, a convention center and an entertainment center. The Poarch Band is the only federally recognized tribe in Alabama and also operates two other small Class II facilities located near Wetumpka and Montgomery.



<http://www.atmoreadvance.com/articles/2004/07/26/news/news2.txt>

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## Mohegans Follow the Sun to the West

The Mohegan Tribe has done very well in developing and operating one of the most profitable casinos in the country, the Mohegan Sun. Now they want to share their capabilities with other tribes. The Mohegans are providing financial and managerial assistance to the Cowlitz Tribe of Washington to develop a casino north of Portland, Oregon. The Innovation Group did the gaming, hotel, and RV park market assessment for the project.



The tribes are still waiting on a federal decision to put 152 acres of land into trust near La Center, Washington. The Mohegans are actively trying to diversify their sources of revenue and are also working with the Menominee Tribe in Wisconsin to develop a \$700 million casino in Kenosha, an hour north of Chicago.

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## Tribal Bonds



The Innovation Group's market assessments give an accurate indication of the viability of a project, taking into consideration an array of factors including population density, statistical analyses of the market's propensity for gaming, gravity models, market share models, etc. But, more and more, our market assessments are becoming an integral part of the project's financing process as well. In Florida, we not only performed the market assessments for the two Seminole Hard Rock Hotel and Casinos, but we helped to prepare the bond documents based on those assessments in what became the largest tax-free bond issue for

a Native American project to date. Currently, our assessments are being used by three California tribes in their quest for bond financing. The Morongo Band of Mission Indians is negotiating with the town of Banning for a bond proposal that would be used to fund a nearby casino resort. The Cabazon Band of Mission Indians has a bond deal with the city of Indio, and the San Manuel Band of Mission Indians near San Bernardino is also considering a bond proposal. Not only did we do these market assessments, sometimes with alternative scenarios, but in some of these cases we even assisted with the packaging of the bond documents and with the presentations to the underwriting organizations.

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## STAFF IN THE NEWS

### Paul Girvan Says Pennsylvania Will Have Impact in Times

While the recent Pennsylvania law allowing slot machines won't result in operational slot parlors until the fall of 2006, the Atlantic City gaming industry is already preparing for the impact. In an article by Iver Peterson in The New York Times, [Paul Girvan](#), Managing Director of The Innovation Group, described how the situation is not as simple as one of

**The New York Times**  
ON THE WEB

Pennsylvanians gaming elsewhere. "One of the dangers to Atlantic City when Pennsylvania kicks in is if Delaware starts looking at table games and sports betting, or if Maryland does the same," explained Paul. He added, "and then we have to start looking at New York, which is the only large feeder market left for Atlantic City." The entire article is available for purchase at:

<http://query.nytimes.com/gst/abstract.html?res=F30D13F93D580C708CDDA10894DC404482>

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### Scott Fisher in Las Vegas Sun



While the 40-year monopoly of Stanley Ho's casinos in Macau catered to high-rolling gamblers, "the mass market is what's growing," said [Scott Fisher, Ph.D.](#), Innovation Group Managing Director. The Las Vegas Sun quoted Scott in an August 12 article entitled "Business booming in Macau as Venetian owner plans expansion" by Liz Benston. Major Las Vegas operators are moving quickly to develop resorts to cash in on the new market that's expected to one day become world's largest gambling destination. In addition to the high-rollers, Scott pointed out that the locals "are people with newfound wealth, but they're not serious gamers. People enjoy the whole resort concept just like they enjoy the resort

concept in Las Vegas." The article can be seen in its entirety, with a free registration, at:

<http://www.lasvegassun.com/sunbin/stories/gaming/2004/aug/11/517322075.html>

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### **Post-Gazette.com Quotes Paul Girvan on the Pull of Slots**

Pennsylvania residents currently find their way to the casino markets of Las Vegas, Atlantic City and Detroit.



How well the Keystone State's planned slots-only casinos will lure them back home is discussed in "Trip to Detroit's Greektown Casino attracts a cross-section" by Gary Rotstein on Post-Gazette.com. The article quotes The Innovation Group's [Paul Girvan](#) on the limited crossover of table gamers to slots. You can see the article in its entirety at:

<http://www.post-gazette.com/pg/04235/365671.stm>

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### **Scott Fisher on Singapore by the Numbers**



An Innovation Group study was used to support a decision by Singapore Prime Minister Lee Hsien Loong to seek commercial proposals to build a multimillion-dollar casino resort on the island. The analysis, which reported where Singaporeans are currently spending their gaming money and also projected the billions spent in illegal gaming and on "floating casinos" in Asia, was reported by The Innovation



Group Managing Director, [Scott Fisher, Ph.D.](#) Before making a commitment, the

**The Straits Times INTERACTIVE** Prime Minister will measure public opinion and devise a way to restrict the poorer classes from gambling. Articles on the subject can be seen in their entirety at:

[http://www.theledgedaily.com/cms/content.jsp?](http://www.theledgedaily.com/cms/content.jsp?id=com.tms.cms.article.Article_8a8a868e-cb73c03a-940b8400-f5a1beca)

[id=com.tms.cms.article.Article\\_8a8a868e-cb73c03a-940b8400-f5a1beca](http://www.theledgedaily.com/cms/content.jsp?id=com.tms.cms.article.Article_8a8a868e-cb73c03a-940b8400-f5a1beca)

[http://biz.thestar.com.my/news/story.asp?](http://biz.thestar.com.my/news/story.asp?file=/2004/8/24/business/8735117&sec=business)

[file=/2004/8/24/business/8735117&sec=business](http://biz.thestar.com.my/news/story.asp?file=/2004/8/24/business/8735117&sec=business)

<http://straitstimes.asia1.com.sg/singapore/story/0,4386,269037,00.html>

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## Our Atlantic City Office Finds a New Home and Adds Staff We've Landed on Ventnor Avenue



As we continue to work with a global list of clients, we've found the need to not only add staff, but to also add home bases. While our business is very non-regional and staff from any office may work on a specific project, we've found ourselves able to attract some very

talented people from around the country. While we've had an Atlantic City office for some time, we've just moved to expanded quarters on Ventnor Avenue. And now, in addition to [Ernie D'Ambrosio](#) and Matt Landry, we've added a senior financial analyst to this office with the hiring of Sandee Kuni as Senior Financial Analyst.

As a Senior Analyst in the New Jersey office, Sandee's responsibilities will include research and analysis for market assessments, feasibility studies, financial analysis, staffing requirements, internal controls and procedures. She comes to the company with over fourteen years of experience in the gaming industry where, as an analyst, she was exposed to the many facets of casino/resort operation and management. Prior to joining The Innovation Group, Sandee worked most recently for the Tropicana Casino and Resort as a senior analyst and for the Trump Taj Mahal Casino and Resort as the manager of Financial Analysis. Sandee holds a Bachelor's degree from the Richard Stockton College of New Jersey with a concentration in Finance.

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### **Derris Newman Promoted to Daddy**

[Derris Newman](#), The Innovation Group's Director of Research, and his wife, Marla, are now the proud parents of their first child, Moira Maria. Moira came into the world on August 11 at 6:45 p.m. weighing 9 pounds, 8 ounces - the biggest newborn in the hospital. Derris says she looks like her mom, which makes everybody happy. Moira still has no hobbies, but she keeps herself busy training her parents.



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## "Surprise Me" (Continued from Lead Article)

Sometimes the point of the measurement is not the snapshot, but how the numbers change over time. For a riverboat casino we did a baseline survey to establish a benchmark and followed it with quarterly surveys to determine the

effect of changes that were implemented as a result of the baseline survey. These follow-up surveys had a core section to provide the comparison to the benchmark and also addressed other issues as they arose.

Qualitative and quantitative techniques are considered primary research because they involve investigations of a specific issue where no previous data existed. Secondary research, on the other hand, uses data compiled by someone else. This could be from a census, university research department, chamber of commerce or other source that tallies and tabulates a profusion of raw, quantified information. You just have to know where to look.

Nevertheless, coming up with accurate data, whether it's secondary research or something of your own, is often only half the job. The other half is analyzing what you've found. What are the similarities and differences? Is there a trend? How does it predict future activity? Sometimes it's what you do with the data that makes all the difference. The market assessments that we do to evaluate the potential of a development might be based on a foundation of secondary data upon which we impose sophisticated formulas, gravity models and trend analyses. And sometimes it's the combination of primary and secondary data that gives us the answers we want. To forecast the impact of California's Native American gaming industry on Nevada, we did primary research on customer attitudes in California, and overlaid statistical data on competitive offerings in Nevada and the development landscape for both states. We've even gone so far as to develop a proprietary technique which uses census records, zip codes, lifestyle information, client files and GIS software to identify other individuals who share demographic and psychographic characteristics with our database. In other words, we can use a players' club list to target new prospects via direct mail.

Research can provide a basis for making sound strategic decisions. It can illuminate and provide answers with respectable precision. Before a major resort casino invested in improvements, we used a combination of intercept interviews at the property and telephone surveys to investigate the mix of restaurants, retail and entertainment that should be part of the expansion. For another client, we surveyed customers and non-customers to identify a list of issues that were keeping the property from reaching its full potential. Then we took the findings a step further and calculated the incremental revenues to be gained from the elimination of each of these specific market constraints. To date, The Innovation Group reports have helped guide clients through investments of over \$23 billion in a variety of gaming, hospitality and leisure developments.

No matter what the size of the project, clients want to make sure they're moving forward with more than a gut feeling. Some of our happiest clients have been those for whom we used research to demonstrate that their ideas weren't quite "ready" and that they needed to go back to the drawing board. But for most,

we've provided statistical clarity and support they could take to the bank, sometimes literally, by using our reports to attract investors, secure financing and even float bond issues.

In short, for new projects, research can help you validate your vision. And for an existing operation, it can help to discover if customers like it as much as you do. Most research is about predicting the future, because you're usually studying one group or set of information to draw conclusions about what will happen to the universe. It's about knowing what information to gather and what to do with it. And when an existing research tool doesn't quite fit, all you need is some innovation.

- *Steve Rittvo, President*

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

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