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Evolution — New Trends in Slots

Moderator/Speaker:
Saverio R. Scheri III, Managing Director, WhiteSand Consulting

Speakers:
Chuck Hickey, Director of Slot Operations, Barona Valley Ranch Resort and Casino
David Williams, Casino Operations Director, Harrah's Ak-Chin Casino Resort

MS. WENDY DAVIS: Thanks very much for coming to this panel. With that I'd like to introduce our moderator, Saverio Scheri.

MR. SAVERIO SCHERI III: Thank you, thank you. I am honored to be here today. This is a great show and this is a key session, and I am very excited to be here today with our panelists, David Williams from Harrah's Ak-Chin, and I'll tell you a little bit more about David when he's ready to speak, and Chuck Hickey, director of slot operations at Barona, and I'll tell you a little bit more about Chuck when I introduce him a little bit more formally.

But what I would like to do is kind of start talking a little about trends in slot machines. We've all heard about trends in slot machines, what I really want to talk about is what we're seeing and what I think needs to happen with slot machines at racetrack casinos. It's nice to hear about all the new whizbang things that are happening in the slot environment, but I think what's really important is to try and understand how we take that and make it work in the racing environment. If we look at the whole reason why we're here today, all of us, myself included, is that at one point in time way back when, we decided it would be a good idea to have slot machines at racetracks.

And we are also honored to have with us today Bob Farinella, who spent many years as the general manager and president of Prairie Meadows Racetrack

and Casino in Iowa, just outside of Des Moines. They were really the first to bring the slots in, true slot machines, spinning reel slot machines. They tried to understand how the slot machines and casino gaming was going to impact the racing. I think that it's a boon to the industry, but what we haven't seen, and if we look at racing revenues over the last five years, they are not going in the direction we want them to go. Overall, yeah, the revenues are great because the slot machines are making a lot of money for the racetracks. Purses are up but what we've seen, a consistent trend is racing revenues not going up. We are not expanding the customer base. In some places it is declining, in some places it is stable, some places maybe it is increasing maybe a little bit. But we are not creating that new racing customer. Why is that? I know there are lots of other sessions that are talking about that, and I don't intend on doing that today.

What I do want to talk about is how we can possibly use some of the things that are happening in slots to try and address those issues. And I think that where we are today compared to where we were 10 or 14 years ago gives us so much more flexibility and so many more tools to use. Back then it really was a spinning reel machine and basically a video-type machine. And there wasn't a whole lot that we could do to manipulate that experience. But today we're seeing trends in server-based gaming — is everyone familiar with what server-based gaming is? Okay, so let me tell you a little bit about what that is and Chuck will talk a little bit more about that, Dave probably will as well.

Basically, it is a network, all the slot machines are networked together to a central computer and the game, the actual game that you play on that slot machine is downloaded from this central computer to the device, to the box on the casino floor.

Now, there are a lot of different ways that this happens, sometimes it is the actual game that gets downloaded to the device and sometimes the device already has some of it on there and the decision is made at the central computer. I won't get into all the bits and bytes and the different ways that they can slice it, but for the most part what you need to understand is that there is a way for us to change the content for the game that you're playing, which on its own is pretty neat, but so what? What's the big deal?

Well, a couple of things, first of all, imagine this, everyone is familiar with the player card scenario, you sign up, you get a card, you put your card in and you earn rewards at the casino. Let's say now you have three, four, five games that you love to play, that you play the most. Well, you come up, you put your card in this machine that has a downloadable game, and your five favorite games pop up on that machine already, you don't have to sift through and pick what you want to play, it already knows based on what you've played in the past.

Also, let's talk about what's the bread and butter of the casino industry, direct marketing. No matter what people say, that is the thing, if you look at what happens, what drives the business, it is direct mail, it's the promotions. Imagine being able to, on the fly, provide promotions to the players based on what their activity is, what their play level is, the profile of the actual customer, these are the things that really make downloadable and server-based gaming very exciting.

There are other things happening, mobile gaming, where you can actually have a device and walk around free and you are not tethered to an actual box, you can actually take it around, it's almost like a little PDA, you can play on that little device. Some casinos are experimenting with that right now. They are like, "Oh, wouldn't it be great if you could actually play slots at the pool?"

I don't know that that is great; I don't know that a lot of people want to play a slot machine at the pool. But where I think that it may have some application is at the racetrack casino. Where the people are down, maybe on the apron, out in the paddock and we've got a little bit of a downtime here so, let them play a couple of games, something to think about.

Something else that I've seen that I'm very excited about is the product from LVGI, has anyone seen Player Vision from LVGI? This is kind of a neat thing; I got to see it, oh gosh, sometime in the last year. Basically what happens is you're playing a slot machine, a video-type slot machine, and as you're playing the slot machine something pops up that says, "Hey, there is a race that's about to go off, you've got six minutes until post, would you like to place a bet?" And it allows you to place a race wager at the slot machine, on the slot machine, while you're still playing the slot machine. You don't have to get up, you don't have to go look at the boards, you don't have to go to the teller, you can do it right at the slot machine. And here is the really neat thing, after you've made your bet, when the race goes off, they pop up a video on the slot machine that you're playing and you watch the race live. That's pretty slick and I think that is a fantastic way to start to bridge the gap and really kind of bring more players into the racing side of it, which is something that we've been trying to do for years and years and years. ....**Other terms, concepts and keywords contained in the balance of this transcript are:** technology, slot machines, casino, new trends, server-based gaming, marketing, CRM, downloadable games, mobile gaming, guaranteed play, responsible gaming, biometric technology, IGT, Barona Valley Ranch, Harrah's Ak-Chin Casino Resort.......If you desire a full transcript contact bprewitt@ag.arizona.edu