



Ten Trends That Are Transforming How Gaming Leaders Manage

by Robert Allen

For most casinos over the past five years, it's become infinitely more challenging for gaming managers to effectively get the job done. The Great Recession set the stage for this, but there are additional evolutionary factors that are transforming the industry which are also contributing to the challenge. Perhaps the best way to begin to overcome these challenges is to have a clear understanding of what they are.

The following are ten trends that are transforming how gaming leaders must manage:

1. New Competition: There are currently over 1,500 gaming properties in the U.S. (This would include casinos, race tracks, bars and other venues with VLT's, and cruise ships.) The reduction in tax revenues to states and cities brought on by the Great Recession has driven steady growth in the number of gaming properties throughout the US. This growth in the number of venues and the related increase in the number of overall gaming positions has caused a major shift in the supply/ demand ratio.

2. An Increasingly experienced and sophisticated gaming consumer: For the most part, the days of the novice casino player are over. Players are knowledgeable about the games, are comfortable and comparatively fluent in interacting with gaming technology, and overall have a much higher expectation for the gaming experience – products, services, and the casino environment.

3. The newfound “buyer’s market” has created a more demanding gaming consumer: Gaming customers have become savvy and discriminating consumers who closely evaluate every component of the gaming entertainment experience – products, services, property condition, amenity set, and loyalty programs including the smallest of details associated with reinvestment programs. Players demand a quality gaming experience – and management is expected to deliver it – consistently.

4. Much more complex gaming products: Numerous factors are driving the increase in complexity of products – advances in mainstream technologies coupled with the gaming consumer's expectation for them. Game content is much more complex, with a constantly growing range of game matrices, greater variability in game structures and variability in the range of bonuses and outcomes. In order to extract the greatest return on investment, gaming

operators need to know and understand these products in detail – ensuring that the games are configured, optioned, placed, merchandised and marketed optimally. The sophisticated hardware technologies that are more prevalent now require more frequent attention and a more knowledgeable and skilled staff to maintain them. Gaming products also extend to include gaming systems and network communication technology.

5. Staffing reduction and management structure streamlining: This is another condition brought about by the Great Recession – having to do more with fewer resources. Organizations have been flattened and rescaled, and the unfortunate reality is that those folks remaining just have to take on more responsibility and more work. All of this is much to the detriment to the player and the overall guest service experience.

6. Constrained and stretched capital budgets: There are four key trending factors that are combining together to create an acute competition for capital dollars: a) aging property facilities; b) properties originally developed in a less competitive environment that were built with an insufficient/ inadequate amenity set that now need to expand the amenities offered; c) significantly increased competition within the overall entertainment sector (gaming and non-gaming); and d) a gaming consumer who is more discerning and demands a higher quality and more complete entertainment experience. Gaming products and equipment purchases must compete head on with non-gaming purchases.

7. The high cost of new gaming products: The price of slot machines and game theme conversions has dramatically increased over the past five years. It is not uncommon to see the price of a single slot machine including software exceed \$23,000. Game theme conversions generally range from \$3,000 to \$4,000 each. Bottom line is that most casinos face newfound limitations on the percentage of their floors that they can turnover on an annual basis. This underscores the critical imperative for making carefully studied and wise gaming product purchase decisions that will prove to be sound investment decisions over time.

8. The certainty of ongoing vigilant, unwavering, and uncompromising regulatory oversight: Gaming is one of

the most highly regulated industries on the planet. The increase in the diversity and complexity of casino games and gaming products has resulted in more, rather than less vigor in regulatory oversight.

9. The explosion in the growth of email communication: All businesses continue to struggle with this. The ease of generating and disseminating communication via email is the root cause for the stifling deluge of electronic messages that continually torment us and ultimately undermine productivity. As a standalone item, this would not be such a detriment, but in combination with the other factors on this list, it is particularly toxic to most businesses.

10. The Smart phone: These small but enormously powerful devices have transformed our society in short order. The ease and convenience of communication that smart phones offer also bring the expectation of 24/7/365 availability, responsibility, and accountability. They have remapped how our brains work and how we function. Have you recently at the end of your work day wondered what you've accomplished and where the time went? Blame email and your smart phone.

It's not uncommon when speaking with colleagues about the challenges they face, to hear that more and more of the time, they struggle to understand why it has become so difficult to make sustained progress in achieving their goals and objectives. The business environment that we must manage in today is infinitely more challenging for the reasons on this list. Understanding these factors and how they combine to impact us is an important step in the process to conquer these challenges – and getting back on track to achieving objectives and becoming better managers. ♣

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