

## Smoke-free casinos like Revel in Atlantic City a growing trend across the country

By DONALD WITKOWSKI Staff Writer | Posted: Tuesday, August 21, 2012 1:45 am



No clouds of cigarette or cigar smoke hover over the slot machines or table games at Revel. In fact, customers are not lighting up anywhere inside the newly opened \$2.4 billion megaresort.

A small sign taped to the door leading from the parking garage to the casino floor tells the story: “This is a smoke-free property. Thank you for not smoking.”

Revel’s no-smoking policy is part of an emerging trend in the casino industry and could put pressure on other Atlantic City casinos to voluntarily ban smoking if it proves popular, analysts predict.

Maryland and Ohio have outlawed smoking at their new casinos. Massachusetts will not allow gamblers to smoke when its new casinos open in the next few years. Casinos in New York and Delaware also are smoke-free. However, casinos in Atlantic City, Pennsylvania and Connecticut remain smoking holdouts in the Northeast.

Michael Pollock, a casino analyst and managing director of Spectrum Gaming Group, believes more casinos nationwide will go smoke-free in years to come in response to changing demographics.

“It’s going the way of the rest of society. That’s clearly in the cards,” said Pollock, whose Linwood firm serves as a casino consultant. “With more and more generations coming of age, there are fewer and fewer smokers.”

Kevin DeSanctis, Revel’s chief executive officer, declined to speculate whether other Atlantic City casinos would follow Revel’s lead, but he did say that smoke-free gambling seems to be the future throughout the country.

“On a long-term basis, I think it’s probably likely more and more places will go smoke-free. That’s the path we’ve taken,” DeSanctis said.

Figures compiled by the American Gaming Association, a national casino trade

group, show that smoking is completely banned in nine of the 23 states that have commercial casinos. Pollock sees smoking disappearing altogether in the casino industry at some point, although he added it is impossible to predict precisely when.

“That’s what the markets ultimately are going to demand, that’s what governments are going to demand and that’s what employees are going to demand,” he said.

There are some notable exceptions, though. Nevada, the nation’s biggest casino market, allows smoking on the casino floor. Pennsylvania, now the second-largest state for casino revenue, permits smoking in as much as 50 percent of the casino space. In Atlantic City, smoking is permitted on 25 percent of the casino floor.

Atlantic City’s casinos were exempted from the 2007 New Jersey Smoke-Free Air Act, which bans smoking in most public places in the state. An Atlantic City law restricts smoking to 25 percent of the casino floor. The city briefly banned smoking altogether on the casino floor in 2008, but reverted to the 25 percent limit following warnings from the casino industry that smokers would flee to rival markets that allow gamblers to light up.

DeSanctis, a lifelong nonsmoker, said it is too early to know whether going smoke-free has helped or hurt business at his casino. However, he was reluctant to blame the no-smoking policy for Revel’s lackluster gambling revenue in its first four months of operation. Revel has languished near the bottom for gambling revenue among Atlantic City’s 12 casinos.

“Clearly, when people look at our numbers, they say, ‘Yeah, that’s the reason that you’re not at where you’re supposed to be at,’” DeSanctis said. “I don’t know the answer yet, but that would be a convenient excuse for me.”

Revel’s upscale property is marketed as a resort first and a casino second. Conventioneers and overnight leisure travelers are a major focus of its business strategy, not the daytripping gamblers who have traditionally dominated the Atlantic City market. DeSanctis said smoking simply does not appeal to Revel’s core customer base.

Atlantic City casino operators have claimed over the years that a complete smoking ban would scare away customers. To underscore their arguments, they say that the smoking sections in casinos consistently outperform the nonsmoking areas. They also point to casino markets that suffered revenue declines after they outlawed smoking.

“I think it’s pretty conclusive — not just in Atlantic City, but around the country — areas where smoking is allowed outperform areas where smoking is not allowed,” said Tony Rodio, president and CEO of Tropicana Casino and Resort.

Rodio also serves as president of the Casino Association of New Jersey, a lobbying group that represents Atlantic City casinos. In years past, the association strongly objected to smoking restrictions in Atlantic City. Rodio

maintained that it would be unwise for the slumping Atlantic City market to impose a complete smoking ban, as it briefly did in 2008.

“I haven’t heard any discussion of revisiting the smoking ban. Given Atlantic City’s difficulties in growing gaming revenue, I think we shouldn’t enact something that would make it even more difficult.”

Rodio responded “without a doubt” when asked whether he thought there would be an exodus of customers from Atlantic City if the rest of the casinos joined Revel in banning smoking.

“I can only speak for Tropicana. Certainly, we have no intention of eliminating smoking areas,” he said.

Global Advisors on Smokefree Policy, a New Jersey anti-smoking advocacy group, says smoke-free casinos provide safer and cleaner environments for the customers and employees. GASP also argues that the supposed financial harm caused by smoking bans is grossly exaggerated by the casino industry.

“There will be a limited number of licenses for new casinos in Ohio, Maryland and Massachusetts. These casinos have to be 100 percent smoke-free. But the casino operators that have smoking in other states are still bidding on these new nonsmoking casinos,” said Karen Blumenfeld, executive director of GASP.

In 2008, a study performed by the Atlantic City Convention & Visitors Authority found that 23 percent of the city’s casino customers smoke. About 20 percent of the U.S. adult population smokes, the federal government estimates.

Barbara Jones, 51, of Babylon, N.Y., and Judy Milander, 61, of Coplay, Pa., are among those who smoke. On a recent day, they stood outside Revel, each puffing away on a cigarette, by the casino’s valet parking entrance.

Jones, noting that casinos in her home state are smoke-free, said she didn’t mind Revel’s no-smoking policy. She said she has grown accustomed to taking smoking breaks outdoors at the New York casinos and simply would do the same thing at Revel.

But Milander strongly objected to Revel’s no-smoking policy, saying she would likely take her business to other Atlantic City casinos that allow her to smoke.

“I think it stinks,” she said of Revel’s smoking ban. “Smoking and gambling go hand-in-hand. I was playing the slot machines and then I had to go outside to smoke. I’m getting tired of this.”

Revel does not allow smoking anywhere inside the property. For now, smoking is permitted at just one place, at an outdoor terrace next to Revel’s HQ nightclub. The outdoor area where Jones and Milander were smoking is not designated for smoking.

DeSanctis stressed that the no-smoking policy appears to have wide support among Revel customers. He said that in all the time since Revel opened, he has not received any complaints.

“People are pretty vocal about their likes and dislikes. I haven’t received any letters, not one, from folks complaining about the smoking policy,” DeSanctis said. “But I have received a number of letters and emails and comments that, in general, people like the smoking ban.”

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