

Marketing trends ...

AS SMOKE CLEARS, CASINOS CAN SEE PATH TO NEW PROFITABILITY

Editor's Note: Legislation that bans or restricts smoking in public places is sweeping not just the country, but the world. Casinos in many jurisdictions have vigorously opposed such measures, arguing that a reduction in smoking equates to a reduction in gross gaming revenue.

Karen Blumenfeld has been at the forefront of the smokefree movement and as such has become a familiar name in the gaming industry. She argues that casino operators themselves can change the equation; that is, with proper education, marketing and attitude, a 100 percent smokefree casino can be a catalyst for increased gaming revenue.

Blumenfeld is a private-practice attorney in New Jersey, Director of Policy and Legal Resource Center for NJ GASP (Group Against Smoking Pollution), and President of the Thorner Consulting Group, a strategic-planning and public-policy consultancy.

BY KAREN BLUMENFELD

Gaming industry executives and insiders agree that in the near future, smokefree gaming is inevitable. Whether by choice or by law, this trend signals a marketing opportunity for casinos to create a winning strategy. Willingness to adapt to change, applying innovative approaches to expand and retain customer base, and relying on back-to-basics marketing, can lead to a successful bottom line for casino operators that go smokefree. NASA Mission Control's famous response of "Failure is not an option" (to Apollo 13) has come to epitomize the universal belief, that acknowledging change, and committing to a successful effort, can result in the desired outcome.

Today, more than 50 percent of the United States population is governed by smokefree air laws, in workplaces and public places. That percentage is expected to dramatically increase over the next few years. Just this year, Colorado and Illinois passed legislation that will require casino operators to establish 100 percent smokefree casinos by January 1, 2008. New Jersey's Senate unanimously passed its 100 percent smokefree casinos bill in June 2007, as did Pennsylvania's House in July 2007.

Approximately 80 percent of the adult United States population does not smoke. This figure translates into an enormous market — much of it untapped — for most casino operators that are required, or choose, to go 100 percent smokefree. Casino operators can capitalize on this unique opportunity through property marketing and posi-

tioning — and tapping into unexpected resources. And above all else, by maintaining a positive attitude within the workforce and toward all players.

Casino operators should consider the following when going smokefree:

- Build upon what works. Most casino operators voluntarily created 100 percent smokefree poker rooms, based on player demand. Share the positive feedback from the poker players to help transition to a 100 percent smokefree casino.

- Market to an expanding player base. Delaware's Dover Downs shines at marketing its smokefree status, starting with the top brass. Leadership believes that smokefree gaming fits a niche market. This tactic appeals to the nonsmoking majority of the population, and attracts new players to Dover Downs' 97,000-square-foot casino. Its coordinated, branded marketing campaign is communicated through the casino's website, print, radio and television ads, billboards and member mailings.

- Forge relationships with nontraditional partnerships. Smokefree advocacy organizations want casino operators to be successful when going smokefree. Such organizations may coordinate a complementary ad campaign, and send a mailing to their members to support smokefree casinos. Creating goodwill with community partners can lead to unexpected profits.

- Identify with players that it's still all about winning and feeling comfortable at one's favorite casino. Positive reinforcement encourages player loyalty. Whether it is promotions such as drawings, or comps for meals or shows, pinpoint what best meets the clientele's desires. No need to reinvent the wheel; just capitalize on what makes a particular casino special.

- Focus on customer service to retain clientele who smoke. Provide ample notification via mailings to players about designated smoking areas outside of the casino. Post clear signage at entrances and throughout the casino to reduce misunderstandings about the new policy. Train employees to politely interface with patrons about the no smoking policy, and to professionally handle a difficult situation.

- Explain to players that their space can be held at a table game if they go outside to smoke, similar to a player taking a bathroom break. For smokers that do not want to leave their game, hard candies can be provided. Candy wrappers can be an optional marketing opportunity.

- Form strategic partnerships with pharmaceutical companies that manufacture nicotine replacement therapy treatments, to offer cessation products to patrons that smoke, at the casino. Clinically tested, FDA-approved cessation products, such as Nicorette gum or patches, can be made available at a promotional booth, players' club and VIP club.

- Create pleasant environments for smokers to smoke outdoors. Some casinos, such as Dover Downs and Casino Windsor in Ontario, have created smoking patios directly off of the casino gaming floor, with outdoor heating lamps and an overhang in case of inclement weather. Casinos with limited outdoor areas, such as the Taos Mountain Casino in New Mexico, can direct smokers to the general exits, and establish comfortable smoking areas a reasonable distance from the doorways, to reduce backdrafting. Provide sufficient cigarette butt receptacles to avoid littering and prevent fires.

- Remain competitive by creating environments that include nongaming, destination amenities. More than 50 percent of revenues generated in Las Vegas are from nongaming activities. This trend indicates that dining, spa services, shopping and entertainment are in demand, and can attract new players, and retain loyal players.

- Create unexpected savings by being 100 percent smokefree. Maintenance and cleaning costs of carpeting, furniture, and ventilation systems can be reduced. Lower insurance rates may be negotiated. Overtime pay may be reduced, due to fewer sick days, since workers are no longer exposed to secondhand smoke.

- Reduce liability issues. Employees and patrons with breathing disabilities may be automatically accommodated with 100 percent smokefree casinos. The risk of fire hazard, from an oxygen tank exposed to lit smoking materials, can be eliminated. Smokefree venues also boost employee morale and health.

The bottom line is that "the Eagle has landed." Smokefree gaming exists in many jurisdictions, including California, Delaware, Florida, Maine and New York, and soon will be in others. Countries with smokefree gaming include Ireland, Italy, New Zealand, Northern Ireland, Puerto Rico, Scotland, United Kingdom and Uruguay, and by province in Australia and Canada. France implements in 2008, and Hong Kong in 2009.

Positive voluntary indicators include recent acquisitions of smokefree casinos: In late 2006, Harrah's acquired controlling interest in London Clubs International, which operates seven casinos in the United Kingdom, all required to be smokefree as of July 1, 2007. And in March 2007, Boyd Gaming closed on its purchase of smokefree Dania Jai Alai in Dania Beach, FL.

The financial success of a smokefree casino operator relies on the ability to adapt to social change, to create innovative strategic alliances, and to apply proven marketing techniques to core and new players. Take advantage of the first-to-market opportunity. Smokefree gaming and revenues can be mutually inclusive. ■