

GLOBAL Gaming Business

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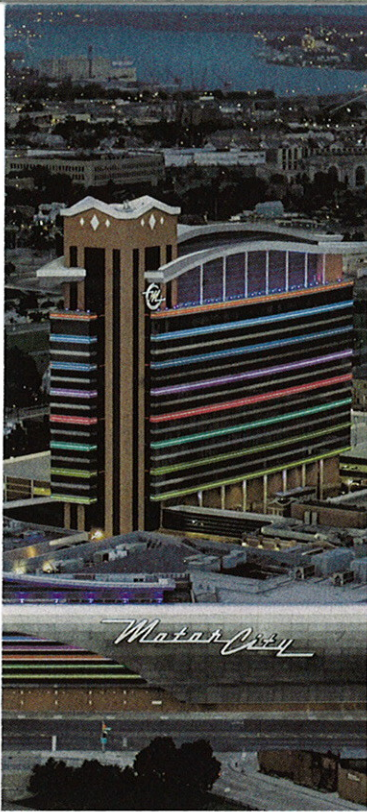
DREAMING BIG

MELCO CROWN
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NEXT INTEGRATED RESORT,
CITY OF DREAMS.

MOTOWN Momentum

Detroit's three permanent
casinos are open and
they are spectacular!

STANDARD ISSUE Why the GSA protocols
have made operators and vendors more profitable



MOTOWN MILESTONE

Detroit casino market celebrates 10-year anniversary

BY ROBERT R. RUSSELL

In the 2008 American Gaming Association "State of the States Report" only the Las Vegas Strip, Atlantic City Boardwalk, Chicagoland area and Connecticut outperformed Detroit's three casinos. As the Motown casinos celebrate their 10th anniversary, they are holding up in these recessionary times better than most.

Michigan voters legalized casino gaming in 1996 as an economic development tool for the city of Detroit. The enabling legislation permitted up to three licenses to be issued by the state of Michigan. Since 1999, when the first Detroit casino opened, the gaming market has emerged onto the national stage, with Detroit quickly becoming one of the top five gaming markets in the United States.

MGM Grand Detroit, MotorCity and Greektown Casino generated \$1.4 billion in gross gaming revenues during calendar year 2008. The Detroit operators have generated \$223.9 million collectively during the first two months of 2009, as compared with \$225.9 million during the same period in 2008, which is a 1 percent decline in the Detroit market.

Eugene Christiansen of Christiansen Capital Advisors notes that "the Detroit market compares very favorably with the state of the overall industry, as most of the North American markets are down by double digits for this same period."

The three casinos operate in permanent casino complexes, with a collective

total of 300,000 square feet of gaming space, 1,200 hotel rooms and over a dozen high-quality restaurants and lounges. Detroit's entertainment and hospitality landscape was completely transformed by the successful development of casino gaming. As a market, the three operators have spent approximately \$2 billion on capital investment.

William Eadington, a professor of economics at the University of Nevada-Reno, says, "Detroit's urban landscape makes it a very unique market, as no other major U.S. city has incorporated gaming into its core business district."

Eadington indicates that he expects the Detroit market to "continue to hold its current levels or have incremental gains."

"Capital investment spent on the construction of hotel rooms and other non-gaming amenities by the three Detroit operators did not substantially grow the market, but did dramatically improve the quality of the product offerings in Detroit," Eadington says.

When looking at the Detroit market, one must also factor in Caesars Windsor, which is a 100,000-square-foot gaming venue with 758 hotel rooms, a 5,000-seat event center and 100,000 square feet of convention and meeting space. Caesars Windsor is located a short 10-minute drive from Detroit over the Ambassador Bridge in Windsor, Ontario.

	FINE DINING	CASUAL DINING	BARS/CLUBS	HOTEL/GAMING OPTIONS
Greektown Casino www.greektowncasino.com	1. Bistro 555 * Greektown offers restaurant comps at a dozen-plus area restaurants.	1. International Buffet 2. Eclipse Lounge	1. Eclipse Lounge 2. Greektown historical district	400 hotel rooms 2,600 slots 80 table games
MGM Grand Detroit www.mgmgranddetroit.com	1. Bourbon Steak 2. Wolfgang Puck Grille 3. Saltwater	1. Breeze 2. Palette Dining Studio 3. Starbucks 4. Ignite	1. Agua 2. Ignite 3. Intice 4. V 5. U Me Drink	400 hotel rooms 4,000 slots 90 table games
MotorCity Casino www.motorcitycasino.com	1. Iridescence	1. Flames 2. High Octane 3. Pit Stop 4. Assembly Line	1. Amnesia 2. Chromatics Lounge 3. Radio Bar 4. Sound Stage (1,800-seat arena venue)	400 hotel rooms 2,800 slots 72 table games
Caesars Windsor www.caesarswindsor.com	1. Nero's Steakhouse 	1. Artist Café 2. Augustus Café 3. Legend's Sports Bar 4. Market Buffet 5. Pronto Café	1. Cosmos Lounge 2. VU Bar 3. The Collosum (5,000-seat arena venue)	758 hotel rooms 3,300 slots 80 table games

Although revenues were off by 11 percent at Caesars Windsor in 2008, it still grossed \$280 million in revenues, which brings the total Detroit/Windsor market revenue up to approximately \$1.6 billion per year.

The Detroit casino market has had its ups and downs, including a lawsuit that challenged the casino selection process and delayed the opening of the permanent Detroit casinos, and more recently, with a bankruptcy filing by Greektown Casino. The region, which is so deeply tied to the automobile industry, will also continue to be impacted by fate of the Big Three auto manufacturers and the various tier-one suppliers that employ thousands of Metro Detroit residents.

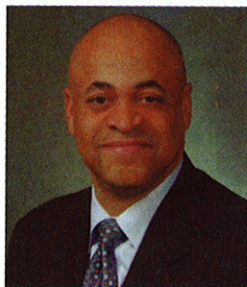
Despite the various obstacles that the casino operators have faced in Detroit, however, they have respectively established an extremely strong foundation. As analysts, suppliers, financial investors and industry observers monitor the Detroit market, one will be impressed by the quality of the product put forth by MGM Grand Detroit, MotorCity and Greektown, as well as Caesars Windsor.

Detroit's casino operators have remained committed to providing a 24/7 gaming environment, and have diversified the Detroit economy from one that was centered on manufacturers and their suppliers to a first-class Midwest tourist and convention destination.

Detroit's gaming operators have added a great deal to the urban entertainment experience. Detroit is a true success story in how investment from the gaming industry can aid in an urban redevelopment effort. The three Detroit operators all invested large sums of capital to finalize their permanent casinos, and as the Detroit landscape continues to be transformed, it is anchored by these three strategic partners.

MGM Grand Detroit Casino

Through February 2009, MGM Grand Detroit Casino has generated \$4.3 billion in gross gaming revenues since opening on July 29, 1999, according to the state of Michigan. MGM Grand Detroit operated in its temporary facility until October 3, 2007, when it closed its interim facility and opened its new, state-of-the-art permanent casino complex, at a cost of \$800 million. The property is owned by MGM Mirage in partnership with Partners Detroit



Lorenzo Creighton,
 president and COO
 of MGM Grand Detroit

LLC, which is composed of 10 local Detroit investors.

"We are the only Detroit casino to build from the ground up, and since opening our doors we have worked hard to distinguish ourselves from our competitors," says Lorenzo Creighton, president and COO of MGM Grand Detroit. "What we are most proud of is that MGM Grand Detroit has helped to re-shape downtown Detroit as an entertainment destination. Moreover, the jobs created by MGM Grand Detroit average a salary of \$50,000 per year, which has gone a long way to help stabilize families and this community."

Since the debut of its permanent hotel resort in 2007, MGM Grand Detroit's identity has changed from a local slot house which operated out of a temporary location to a luxury casino complex. Early this year, the operator launched a new branding campaign via the use of direct mail, interactive marketing, and both outdoor and radio ads in an effort to emphasize its gaming offerings and downplay its luxury amenities. This effort adds to executives' goal to showcase the product and expose every level of player to the MGM Grand Detroit experience.

The marketing campaign "I Touched the Lion" focuses on the casino player with luxury implied. Images and creative media involved in the campaign are designed to give MGM a brand that is unique and recognizable.

MGM Grand Detroit has received the Four Star Award from Mobil Travel Guide for its hotel and spa, and it has also received the AAA Four Diamond Award for its hotel and Michael Mina's Saltwater restaurant.

"As the market leader, we believe that we have established ourselves as the premier entertainment destination in this region," says Creighton. "When customers visit MGM Grand Detroit, they don't just remember a nice evening or weekend at our restaurants, spa, nightclubs or gaming floor. They remember the total experience."

MGM Grand Detroit has changed 10 percent of its slot machine game themes since opening in 2007 and, based on market demand, adjusted its denomination mix to add more penny and 2-cent machines. The casino has also increased the number of table game units by 7 percent due to customer demand.

The state of Michigan also recently approved a "Bad Beat Jackpot" for the MGM Poker Room. The property also has introduced a patented new game called "The Golden Dice Challenge," which allows the casino to coordinate a marketing promotion in which players who have made the most passes in a day receive \$500 in "Freebet." The "Freebet" program gives loyal patrons one free bet on the house.



MotorCity slots

MotorCity Casino

MotorCity Casino's location transformed a once-downtrodden section of downtown Detroit into an entertainment complex that includes a luxury hotel, spa, ultra lounge, live performance theater, six bars and lounges, and 67,000 square feet of meeting and banquet space along with a wide array of dining options, including the Four Diamond restaurant Iridescence. Since opening in December 1999, MotorCity has generated \$3.8 billion in gross gaming revenues (through February 2009).

MotorCity Casino was originally developed by a joint venture involving Mandalay Resort Group and several Detroit-area investors, including Marian Ilitch. In 2005 when MGM Mirage acquired Mandalay Resort Group, MotorCity Casino was purchased outright by Ilitch, who is a co-founder of Little Caesar's Pizza and owns a variety of entertainment and hospitality enterprises, including the Detroit Red Wings hockey team.

MotorCity Casino Hotel has established a brand that celebrates Detroit's positive attributes, including the city's rich history surrounding cars, music and sports. MotorCity spokeswoman Jacci Woods says the property has remained very true to its branding with its expanded facility's interior and exterior architecture and design.

Woods says MotorCity preserved and restored an iconic piece of Detroit architecture as a cornerstone of the property, the Wonder Bread factory (circa 1918), and morphed it into a modern, world-class facility. The renowned custom car designer Chip Foose collaborated with MotorCity's design team on numerous sections of the casino's design. The end result has been a modern facility with a definite Detroit feel that has changed the skyline of the city.

MotorCity COO Rhonda Cohen says her company's ownership "has a demonstrated track record of commitment to the economic development of the city of Detroit. We are here for the long haul and are confident that we can leverage our new assets along with other attributes in the city, to attract new visitors from throughout the region. The level of service that we offer along with these new product offerings will produce positive results for our business as well as positively influencing how the outside world views downtown Detroit."

MotorCity has strategically aligned with Ford Field, Comerica Park and other entertainment venues in Detroit to create value-added entertainment packages. Woods notes that MotorCity's packages have proven successful in driving new business, and it is the goal of the company's owners to "contribute to the overall success of Detroit and the region." She points out that MotorCity has launched a campaign called "Getaway Without Going Away" that includes bundling varied offerings with hotel rooms at a reasonable price.

The 1,800-seat Sound Board is MotorCity's state-of-the-art live performance theater. The space is unique and adaptable, which allows it to be used for a



Rhonda Cohen, COO, MotorCity

diverse lineup of well-known entertainers including Tony Bennett, Natalie Cole and Gary Allen, along with introducing Detroit's first Sunday Gospel Brunches.

The completion of MotorCity's expanded casino resulted in an increase of 500 machines, bringing its total to over 2,800, along with 71 table games. The property has taken an aggressive approach toward adding new table games such as Progressive Mini Baccarat and Ultimate Texas Hold 'Em. MotorCity was the first casino in the Detroit market to offer electronic roulette, and will be introducing Shuffle Master's Royal Match 21 electronic blackjack game—both at \$5 minimums. The electronic multi-player games have been well-received in the market without affecting the live games.

"The large majority of MotorCity's leadership team came up through the ranks in this industry and knows exactly what it is like to be on the floor and interact with guests, particularly during peak periods," Cohen says. "Leaders spend time on the casino floor, in all of our outlets and in the heart of house speaking and listening to associates. Our guest service training workshops are conducted by line-level associates as opposed to management. Our company culture is aligned with our branding in that we promote an inclusive environment where feedback is valued."

MotorCity takes a lot of pride in its employee recognition program, "Simply The Best" (STB), which celebrates line associates on a monthly basis and leaders on a quarterly basis. Nominations for the STB awards are done by fellow associates based on individual impact on the guest experience, as well as with fellow team members. The monthly and quarterly awards include \$500 in cash. All winners are eligible for a \$20,000 grand prize and a \$5,000 second prize, which are given out at an annual banquet.

Greektown Casino

Since opening on November 20, 2000, Greektown Casino has generated \$2.7 billion in gross gaming revenue (through February 2009), according to the revenue figures provided by the state of Michigan.

Greektown Casino recently completed construction of its permanent hotel and casino complex, which opened on February 12. The casino is currently operating under Chapter 11 bankruptcy protection, after filing for bankruptcy in late May 2008.

Greektown is currently owned by the Sault Ste. Marie Tribe of Chippewa Indians, which also owns five Native American Class III casinos in Michigan's Upper Peninsula.

Greektown Casino is located in Detroit's historic Greektown district, a vibrant, pedestrian-friendly area of the city. Greektown's close proximity to the downtown sports venues, including Ford Field, Comerica Park and Joe Louis Arena, gives it the ability to easily shuttle its guests to and from the numerous sporting events and concerts held in the city. Earlier this year, Greektown opened its 400-room hotel, and during the course of the past 12 months opened a new VIP area and buffet as well.

Greektown officials say the property team prides itself as being in a true partnership with the downtown Detroit community, and values being part of the fabric of the surrounding area. "We hear over and over again from our customers that they really respond to the fact that we are a part of the community and reflect the Greektown neighborhood," says Greektown marketing consultant Amanda Totaro, from the Fine Point Group. "We are the 'regular guy' place to play, the value place to play, and that's reflective of the neighborhood itself."



Randall Fine, CEO, Greektown Casino

Greektown is focusing its efforts on branding the casino as a great value to the casino customer. According to Totaro, "The economic conditions are significant, clearly, and they are impacting the entire Detroit metro area. But on the positive side, people still need to go out and have a good time, and we have positioned ourselves so that when they do go out looking for that experience, you're going to get the best value here at Greektown." Greektown's focus on value carries over to its current marketing efforts, with the casino offering a \$9.99 buffet and \$99 hotel rooms.

Greektown has installed the Fine Point Group as management consultants to the property. The consulting firm was engaged to help improve the casino operations and profitability, with a focus on customer relationship marketing and customer loyalty. Once the necessary regulatory approvals are obtained, three members of the group will be assuming the positions of CEO, general manager and vice president of marketing, with full decision-making authority.

Totaro, who will assume the role of vice president of marketing upon regulatory approval, notes that the changes have had a positive impact. "In January and February we were able to increase market share by three quarters of a point, and that trend continued from February to March, when we were able to increase market share by one and a half points," she says.

"The Fine Point Group is focused on leveraging our industry-leading skills at asset optimization to quickly—and profitably—improve Greektown's performance," says Fine Point Group President Randy Fine, who will serve as CEO of Greektown Casino following the necessary regulatory approvals. "While we usually do our work behind the scenes—ensuring our clients get the credit—due to the public nature of bankruptcy, we are enjoying being front-and-center and being held directly accountable for our performance. In less than three months, we have doubled the expectations of profitability, and picked up more than 200 market-share basis points. And we only expect it to get better."

Robert Russell is a senior gaming analyst with Regulatory Management Counselors, PC in East Lansing, Michigan. Russell assists casino suppliers, operators and financial institutions with license, compliance and business planning issues. He can be reached at 517-507-3858 or online at www.rmcllegal.com.

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