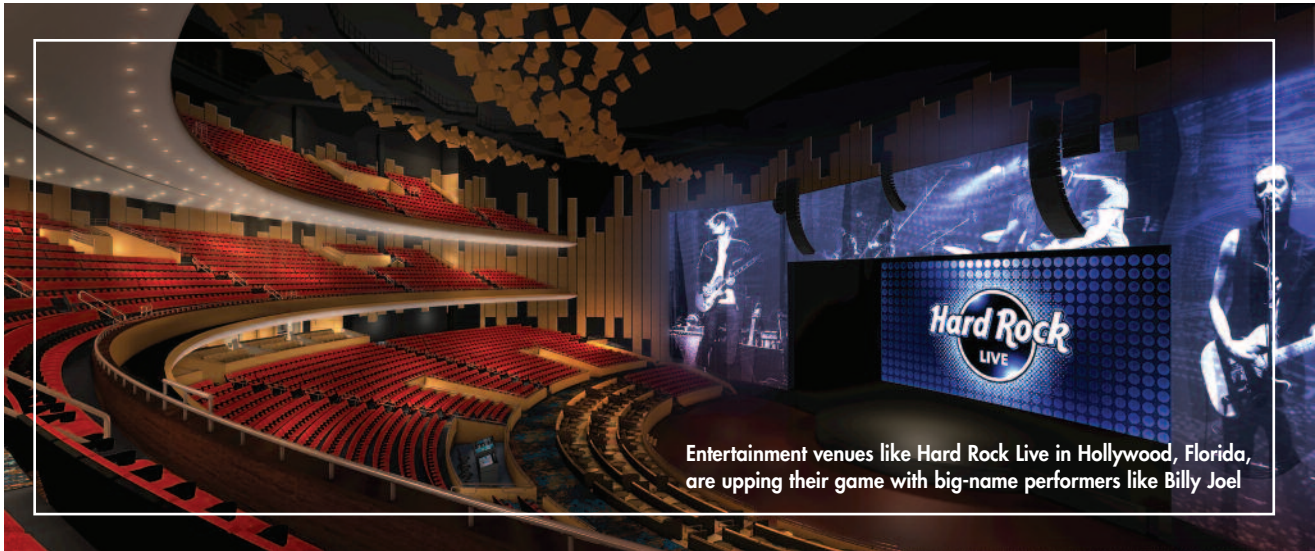


Ch-Ch-Ch- Changes

Non-gaming amenity trends in the post-pandemic world

By Kit Szybala



Entertainment venues like Hard Rock Live in Hollywood, Florida, are upping their game with big-name performers like Billy Joel

As a result of the pandemic, casino operators have had to rethink their non-gaming amenity strategy, altering their programs to better suit their consumers and improve their bottom line. In the past year, as the industry reopened, some patrons were happy to find a refreshed hotel room product, reconfigured food and beverage options, new entertainment choices, and other revitalized non-gaming products. The pandemic gave operators a chance to redefine the entertainment experience.

Sports Betting and Revitalized Casino Food & Beverage

Sports betting, while a gaming amenity, has dramatically changed the non-gaming offering provided by casinos across the United States.

From both a mobile and land-based perspective, sports betting has become intertwined with casinos' amenity offerings. In legal markets, one would be hard pressed not to find sports betting applications up and running on people's mobile phones in casino bars. In these jurisdictions, casinos have been able to increase length of stay on property as well as spend on gaming and non-gaming items, particularly food and beverage.

Some operators have integrated the sportsbook experience into existing food and beverage outlets, adding digital displays of varying sizes to showcase games and odds. While certain operators have taken a more traditional sportsbook route, others have completely redefined the experience. Consider the BetMGM Sportsbook at Park MGM in Las Vegas and the Caesars Sportsbook at the LINQ. These savvy operators have found a new way to entice new and current consumers to visit and wager on sporting events while also spending money

at the bar and restaurant and sometimes visiting the casino floor as well.

Casinos have realized that while the gaming opportunity associated with sports betting can be minimal, the non-gaming opportunity can be substantial. The U.S. is in the thick of professional and collegiate football season, was recently in the throes of the World Series, and is diving into the regular seasons of the NHL and NBA. So consumers have games to watch every day of the week.

Smart operators are figuring out how to further engrain their properties into this form of entertainment and reap the benefits. By doing so, they have been able to integrate their facilities into their communities and solidify their properties as their market's entertainment hub. By presenting a venue for patrons to congregate, enjoy a meal and wager, casinos have been able to improve the loyalty of their existing customers as well as expand their customer base overall.

Regardless of the way it's presented in land-based casinos, sports betting has successfully woven itself into the fabric of the overall casino experience.

Rethinking the Traditional Casino F&B Program

In many markets, the pandemic forced casinos to shut down most of their food and beverage offerings, presenting an opportunity for operators to review the effectiveness of their current outlets. In some cases, stringent regulations were enforced on specific outlets, like buffets.

While some operators were able to maintain buffets by shifting away from "serve-yourself" models, many used the pandemic as an excuse to



The sportsbook at the LINQ includes intimate pods where groups can enjoy the games, grab a bite and enjoy the hang

rid themselves of this underperforming asset.

In almost every circumstance, casino buffets were not profit-producing amenities, but instead were utilized as marketing tools. But these marketing tools were not only losing money, they also encouraged customers to spend too much of their time dining or standing in line to dine (away from the casino floor).

By reconfiguring these venues to other outlet types (such as food courts, three-meal restaurants and sports bars) operators could create stand-alone profit centers while more efficiently and effectively serving their patrons, and giving them more time to spend in the casino.

Hotels, Health and Safety

The hotel industry was forever changed by the pandemic. Fortunately for casinos, their large reliance on the leisure segment and access to database demand segments have generally allowed their hotel properties to survive.

With reduced occupancy levels, some casinos even made use of the downtime to perform renovations and expansions, avoiding construction disruption that would have been previously unavoidable. The El Cortez Hotel & Casino in Downtown Las Vegas reinvested approximately \$25 million into its property, including new hotel rooms and several other items. And the Bellagio renovated its room product in an effort to attract customers and help them feel safer, with added health and safety protocols.

Similar protocols have been deployed throughout the hotel industry. Marriott International is a prime example of the efforts undertaken to combat the pandemic through health and safety measures imposed at its facilities. Marriott launched a Marriott Cleanliness Council, gathering in-house and outside experts in food and water safety, hygiene and infection prevention and hotel operations. This council's mission is to focus on actively monitoring and evolving Marriott's solutions to ensure a continued focus on the health and safety of its guests and associates.

In the casino industry, major companies like Wynn Resorts and MGM Resorts rolled out comprehensive health and safety programs to help bring back meetings and tourists to Las Vegas and other regional markets.

Among many other initiatives, Wynn Resorts opened an on-site Covid-19 testing center for employees with University Medical Center. As a part of its Convene with Confidence program, MGM teamed up with experts to create a health and safety protocols guide, with specific, actionable and practical information—everything from cleaning schedules for common areas in public and back-of-house spaces to paying special attention to high-contact areas such as doorknobs and food contact surfaces.

These programs and protocols will likely continue to be important going forward in a post-pandemic world.

Business and Leisure Lead the Charge

As the world opens back up, leisure travel is booming. The U.S. recently reopened its northern and southern borders to more than just nonessential travelers. Business travel is also coming back, but at a slower pace as businesses reconsider what constitutes essential travel.

Even so, Smith Travel Research, a hotel data and analytics firm, doesn't anticipate that the increase in leisure tourism will be enough to bring the hospitality industry back to 2019 demand levels. As a result, casino hotels will need to continue to focus on the potential use of their internal gaming databases to offset lackluster levels of latent demand.

MICE Remains Far from Recovery

The MICE industry has also been greatly impacted, and its future is still in flux. Casino hotels in markets like Atlantic City are still in recovery mode, as they previously relied heavily on meeting and convention business to fill room inventory during the midweek period.

However, in other markets, there are some promising trends emerging



For the foreseeable future, casinos will continue to consider Covid protections

for this segment, with companies like Wynn Resorts expecting their Las Vegas assets to have the most group bookings in its company's history in the second half of 2021.

Despite some signs of hope, the meeting and convention industry isn't close to recovering. Throughout the pandemic, event hosts had to rethink their approach, switching to web-based platforms and online meetings. This portion of the industry will be forever changed as a result, with participants and hosts seeing the financial value of converting certain in-person events to online events and pinpointing which events they want to hold in person moving forward.

Pandemic-related MICE restrictions are still present. While Covid-19 protocols continue to vary by jurisdiction, some venues and events have employed their own pandemic-related measures. At the Global Gaming Expo in Las Vegas this year, attendees were required to submit proof of vaccination and adhere to mask protocols. Phone applications like Clear Health Pass helped make this a relatively easy process. There are still varying degrees of mask requirements across the country. These regulations aren't expected to disappear anytime soon.

It's expected that meetings and conventions will continue to deploy a hybridized approach with both in-person and digital events post-pandemic. After a completely digital show in 2021, the Consumer Electronics Show (CES) plans to give attendees a hybrid event, with both a virtual experience and a suitably regulated in-person experience. Moving forward, casinos with meeting and convention space will need to develop strategies to provide and/or accommodate both mediums for their customers, allowing them to more effectively compete for market share.

Flexible Entertainment

Large concerts are starting to make a comeback, with music legends like Billy Joel scheduled to perform at the Seminole Hard Rock Hotel & Casino in Hollywood early next year.

At the height of the pandemic, large concerts—or any concerts, for that matter—were nonexistent. As pandemic restrictions lifted, casino entertainment acts emerged in various forms. In general, the entertainment experience

offered was more intimate (due to capacity restrictions imposed by government authorities or by operators to make their venues more comfortable for patrons). More comedy acts and specialty acts were featured instead of grandiose acts that required large visitation to pencil out financially.

Outside the casino industry, entertainment venue concepts like the Mission Ballroom in Denver, Colorado were able to accommodate fluctuating levels of demand. This venue was designed to adjust in size with a moving stage, shifting its ability to accommodate crowds from 2,200 to 3,950. The space wasn't designed with the looming pandemic in mind, but its ability to function properly and maintain the energy in the facility for multiple types of audiences and acts allowed it to thrive.

Going forward, the casino industry can look towards venues like this one to make its entertainment facilities more attractive and adaptable.

Carving a Path Forward

Even with refreshed and reinvigorated amenities, casino operators will still face several challenges moving forward.

Most notably, labor issues will remain at the forefront of the conversation as the pandemic continues to lead to a massive labor shortage due to issues surrounding unemployment benefits, among other items. According to a recent survey conducted by Joblist (an employment-search engine), more than half of U.S. hospitality workers stated they would not go back to their old



Meetings and convention facilities like Caesars Forum will take longer to recover than any other segment of the gaming industry

jobs, and more than a third are not considering coming back to the industry at all. This is due to a number of reasons, including a desire for a different work setting, higher pay, better benefits, more schedule flexibility and remote work opportunities.

With casinos shorthanded across the industry and hospitality labor shortages expected in the medium term, operators need to improvise and adapt by further reconfiguring non-gaming amenity programs and finding technology solutions that can be helpful in easing the burden on staff. Some of these platforms have already been implemented at casinos like Resorts World Las Vegas, with a touchscreen-enabled ordering platform in its food court and kiosks at the hotel check-in at Wynn Las Vegas.

Despite these challenges, with the right adjustments to facility programming, the implementation of best practices from other areas of the hospitality industry, and appropriate uses of technology, the casino industry can reemerge from the pandemic with a more complete, robust and successful amenity offering than before.

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