

Atlantic City casinos spend 40% of winnings on comps to compete with other venues

Saturday, November 12, 2011

By JENNIFER BOGDAN Staff Writer |

Joan Edwards of Baltimore recently emerged from a day of playing slots at Resorts Casino Hotel to grab a bite to eat from a snack cart and reflected on the more than \$30 in free slot play the casino had given her.

She probably wouldn't have made the trip without the incentive to start her gambling day "on the casino."

"Sure, it helps. I come and play when they offer credits. That's how I decide when to come," Edwards said.

Like Resorts, casinos across Atlantic City have been generous in sending out free slot-play rewards in attempts to lure customers here rather than lose them to gaming venues in other states.

Statistics released last month show that Atlantic City's 11 casinos spent an average of about 40 cents of every dollar they won in gambling on promotional allowances and expenses in September.

Comps include everything from room stays and drinks to cash gifts, tickets to events and promotional gaming credits — free dollars for slot-machine play or a bet at a gaming table that must be used at the issuing casino.

Not all of the free rooms, buffet meals or free slot play is cashed in every month. Resorts, for example, reported \$14 million in promotional gaming credits in September. However, only \$2.6 million of that amount was actually wagered, according to data filed with the state Division of Gaming Enforcement.

In September, the percentage of gaming wins reinvested in comps ranged from 36 percent at Trump Taj Mahal to a high of 56 percent at Resorts Casino Hotel.

"Because Resorts was in bankruptcy mode for so long, its base got eroded. We found ourselves in the bottom of the Grand Canyon. We're having to spend more than someone who would just have to maintain their base," Resorts chief Dennis Gomes said. "It costs a heck of a lot more money to unseat loyalty. Trying to get customers back from someone who's already taken them away from you is very costly."

Peter DiMaggio and Kathy Belisario, of Doylestown, Pa., recently spent a few days at Resorts after they got an offer for a comp room. On this visit, they chose Resorts because of the offer for a free room, but said they always chose Atlantic City over closer Pennsylvania casinos because it's more of a destination.

"This is the best comp there is, right here," DiMaggio said gesturing to the Boardwalk outside of Resorts. "We'd rather be here."

At many casinos, the number of people getting gaming credits also was up with the casino investment in promotional dollars.

Gamblers offered gaming credits by Resorts were up 81 percent, from 54,368 in September 2010 to 98,474 in September 2011.

The only operation to see a larger increase in the number of individuals receiving gaming credits than Resorts was the Atlantic City Hilton, which gave away promotional gaming credits to 68,824 people in September 2011, more than twice the number who received credit offers in September 2010. Hilton officials declined to comment.

Comps across the city's 11 casinos totaled more than \$115 million in September, down slightly from \$118 million in September of the previous year. Yet as a percentage of wins, comp spending has been on the rise since 2006. Reinvestment percentages for comps across the city's casinos climbed from 32 percent in 2006 to about 40 percent the past two years.

"The new figures show that the marketing is still comping at the highest rates Atlantic City has ever seen," said Joe Lupo, vice president of operations at Borgata Hotel Casino & Spa. "I'm not sure how much longer the market will be able to handle it. It's tough to measure by just looking at one month, but generally we're going in the same direction."

Borgata spent 39 percent of its nearly \$59 million in gaming win on comps in September. That's up from 38 percent in September 2010. The September 2011 figures, however, include one more Friday than the previous year's figures, which could account for some of the overall comp increases in the resort, Lupo said.

Trump Plaza and Trump Taj Mahal, both owned by Trump Entertainment, spent among the lowest percentages of gaming win on comps, coming in at 37 percent and 36 percent, respectively. The company declined to comment.

Casinos under the ownership of Caesars Entertainment either increased or maintained the percentage spent on comps. Showboat maintained a 40 percent reinvestment rate, and Caesars maintained a 37 percent reinvestment rate. Bally's and Harrah's both increased their percentage spent on comps slightly.

Don Marrandino, Eastern Division president for Caesars Entertainment, issued a statement on the latest figures regarding all four Atlantic City properties.

“Today we are investing in our customers at a higher percentage of gaming revenues than in the past. Additionally, we are providing more value than ever before by offering better accommodations, enhanced food-and-beverage offerings and an unprecedented amount of entertainment,” Marrandino said. “We reinvest in our customers directly through offers, rewards and promotions every day and by offering our guests premium experiences in each of our casinos.”