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Penny slots are popular, flexible and profitable, so they're gaining more space on casino floors

By HOA NGUYEN, Staff Writer | Updated 4 months ago

Atlantic City casinos have thinned their stock of slot machines over the past year with one notable exception — penny slots.

Penny slots have grown in popularity as manufacturers have built more and casinos have found that new technology allows them to tap into a variety of gamblers with just one type of slot, operators said. That is because while a base bet costs a minimum of one cent, players end up spending much more than a penny with just one turn.

Some machines even require a minimum bet of 15, 40, 50 or possibly hundreds of cents.

Jean Lewis, 71, of Gloucester, Va., spent this past week gambling in Atlantic City for her birthday. She said playing penny slots sometimes ends up being more expensive than larger denominations.

“We’ll still be dumb and play them anyway,” she said as she sat at a penny slot machine where the minimum bet was 50 cents. “I don’t win anything, but I just like gambling.”

One- and two-penny slot machines pull in more money for the casino industry than any other game in both wagers and wins. Including promotional credits, Atlantic City casinos won \$61 million and customers put more than \$500 million into the machines in January, according to an analysis of data from the state Division of Gaming Enforcement.

Penny slots’ profitability has led casinos to put more of them on the floor — almost 20 percent more in January compared with a year ago, division data show. That contrasts with slot machines of every other denomination, which saw decreases in numbers.

“Penny machines have so much flexibility,” said Joe Lupo, senior vice president of operations at Borgata Casino Hotel & Spa. “They are simply more popular.”

Some casinos have more penny slots than any of the other denominations combined. At the extreme is the Atlantic Club Casino Hotel, which had almost 70 percent of its stock in penny

slots in January, according to regulators' data. Behind the Atlantic Club is Revel with more than 60 percent and Caesars with about 55 percent.

Penny slots started to take off a few years ago, as the economic downturn began to take effect, operators said.

"The recession spoke to customers wanting more flexibility," Lupo said. "It came along at just the right time."

But while the name connotes value, gamblers end up wagering more.

A penny slot machine where Bryan Denver, 45, of Egg Harbor Township, sat playing earlier this week required a minimum bet of 50 cents. But in an effort to change up the game, which featured goldfish swimming around the screen and ringing sounds when wild-card and bonus symbols appeared, Denver sometimes wagered as much as \$2 on each play.

Most of the time, the machine took the money without returning anything, but sometimes the bonus would net him \$1.20.

"It's not even worth it," Denver said.

Two seats away was a unit at which he had previously played and won bonuses. But the machine was being occupied by a gambler, who on one 50-cent bet, netted a \$12 bonus.

"She has the lucky one," Denver said.

At Borgata, where nearly half of the casino's slot machines in January were in the penny denomination, the average bet per play is about \$1, Lupo said.

"It goes to show you the range of the customer," he said.

Slot manufacturers also are churning out more new penny slot machines than in any other denomination, which is one reason casinos don't have many choices about denomination when they look to freshen their inventory, operators said.

"Most of the new products, and most of the bells and whistles, are penny-generated," said Eric Fiocco, a 34-year Atlantic City industry veteran who recently was promoted to senior vice president of marketing at Tropicana Casino and Resort. "They are just more fun to play with, and you can appeal to a wide audience."

In some cases, gamblers who traditionally played higher-denomination games are switching to penny slots because they represent some of the newest machines on the floor, he said.

"You are starting to see people in the higher-denomination games migrating," Fiocco said. "Variety is a big deal."

At Tropicana, where about 45 percent of its machines are penny slots, the casino aggressively markets to slots players and pays particular attention to those who favor penny machines, because they are among the casino's most loyal. They also represent the majority of the market in Atlantic City, Fiocco said.

"It's such a large portion of our base, we don't want to make any missteps," he said. "We want to give them a great value."