



Client and Company News for October 2004

Who are these people and what are they thinking?



We watch them like hawks. We tally what they spend. But, do we know what's in the mind of the diverse range of customers who spend millions of

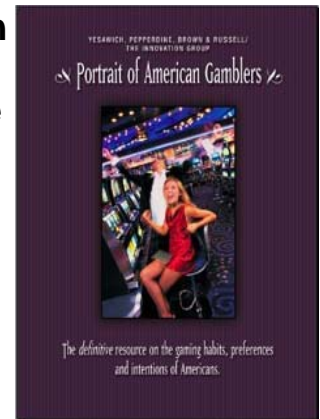
hours and billions of dollars in the thousands of gaming establishments in the U.S.?

At The Innovation Group, we regularly conduct primary research and scour secondary research sources to gather information that enables us to make solid strategic recommendations to our clients. Now, there's a new definitive resource on the habits,



"Portrait of American Gamblers" is in-depth analysis of the lifestyles and gaming behavior of American adults. Topics covered in the study include:

- Incidence of day and overnight casino visitation during the previous 12 months.
- Previous day and overnight visitation of specific gaming destinations and of specific casinos.
- Future interest in visiting specific gaming destinations and in visiting specific casinos.
- Future day and overnight casino visitation intentions and frequency.
- Preferred casino hotel/resort brands.
- Visitation and experience with Native American casinos.



preferences and intentions of gamers in this country that will be an additional aid to these development and marketing decisions. It's *Portrait of American Gamblers*, an inaugural publication that represents a compilation of 2,500 in-depth surveys of a cross-section of U.S. adults who visit casinos. *Portrait of American Gamblers* is a joint publication of The Innovation Group and Yesawich, Pepperdine, Brown & Russell, the country's leading marketing services firm specializing the travel and leisure industries.



Portrait of American Gamblers provides the kind of information on the habits and attitudes of casino customers

that our clients are regularly seeking. Whether you're evaluating what amenities to put into your next expansion, planning a marketing campaign or massaging your players club perks, the information in this book will be invaluable. We formulated the subjects to be useful to a broad spectrum of gaming industry management - casino executives, property general managers, casino marketing departments, brand managers, Native American tribes, gaming commissions and business analysts, as well as the investment banking world, colleges, business schools and public libraries. In

- Average expenditures on gambling, entertainment, food and beverage, lodging and shopping for both day and overnight casino visits.
- Desirability of specific attributes when selecting a casino.
- Preferred games.
- Interest in specific casino slots.
- Interest in specific table games.
- Players Club program membership and preferences.
- Influence of specific promotional offers when selecting a casino.
- Vacation habits.
- Leisure time habits and preferences.
- Social values.
- Media habits.
- General consumption preferences and behavior.
- Political and religious affiliations.
- Demography.

The Portrait of American Gamblers is a nationally representative telephone survey of 2,500 U.S. adults who gambled in a casino on at least one occasion during 2003/2004. The results are projectable to the population of all active American gamblers with a margin of error equal to +/- 3% at 95% confidence.

To order your copy of the *Portrait of American Gamblers*, please visit the Publications section of www.ypbr.com. For information on the preparation of a custom analysis, please contact Dennis Marzella, Executive Vice President/Partner,

subsequent years, future editions of *Portrait of American Gamblers* will provide valuable tracking information, as we watch what responses change over time.

**Research and Brand Strategy,
Yesawich, Pepperdine, Brown &
Russell at 407.875.1111 or
dennis_marzella@ypbr.com.**

What makes *Portrait of American Gamblers* different from other secondary research



sources is that it's not just a count of how many gamers are playing where, but it's an examination of the evolving lifestyles and motivations that influence gaming behavior. While revenue reports may show how different business units in a property perform, we asked our sample what drew them to the casino in the first place.



As one of the basic reasons for doing research is to predict the future, we directly probed intentions. We asked about future interest in visiting specific gaming destinations, specific casinos and specific hotel/resort brands. The questions on customer impressions of casino brands are particularly interesting because no matter what we may think a brand communicates, a brand is what it is in the mind of the consumer. Consumers own the brand.

To give warranted attention to the rapidly growing segment of Native American casinos, we included several questions about customers' experience with these types of properties. We also included some in-depth questions on the non-gaming life of customers by probing their travel habits, media preferences, lifestyle, demographics and social values.

Although our clients make their fortunes managing games of chance, at The Innovation Group, we perform a variety of services to eliminate chance from their own development and marketing decisions. *Portrait of American Gamblers* will be another valuable tool to help guide those evaluations. You can order your copy by going to the Publications section of ypbr.com.

From the hundreds of gaming studies we've done over the past 12 years, for clients ranging from major casino companies to Native American tribes to governmental bodies, The Innovation Group has come to know the nature of information that's valuable in making sound strategic decisions. Now, with

Yesawich, Pepperdine, Brown & Russell, we've made a wealth of this information available to everyone.

I guess you could say that, once again, we're writing the book on gaming.

*Steve Rittvo
President*

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A relocation and a new start.

**INNOVATION CAPITAL
UPDATE**

Innovation Capital engaged by St. Tropez Casino Cruises



The principals of Innovation Capital (through its broker-dealer affiliate) were recently engaged by St. Tropez Casino

Cruises to advise the

Company with regard to financing alternatives. St. Tropez operates one of the largest luxury cruise-to-nowhere operations in Florida through its Fort Lauderdale berth in Port Everglades. The St. Tropez offers gaming customers an expansive two-deck high casino that spans the length of the ship where it has approximately 530 slots, 39 table games and a 125 seat high-stakes poker room. The 433 foot, 9,511 gross tonnage cruise ship also offers customers a buffet restaurant, continental restaurant along

with full beverage service and nightly entertainment. The principals of St. Tropez Casino Cruises are also the shareholders behind several New York-based maritime operations including Circle Line Sightseeing, World Yacht Dinner Cruises and SeaStreak Ferries.

Parties interested in learning more about this opportunity should contact Matt Sodl of Innovation Capital at (310) 335-2085 or msodl@innovation-capital.com.

CLIENTS MAKING NEWS



Wynn Resorts bonds with backers

The Innovation Group's feasibility studies and market assessments for the new Wynn Macau casino helped to confirm the vision of Steve Wynn in building his first casino there. But the involvement of The Innovation Group in the project extended beyond that. We helped to prepare bond documents and participate in the presentations to seek bond syndication.

Deutsche Bank AG and Societe Generale have underwritten the financing for the development. This is the largest international bank financing of its type completed to date in Macau.

The Wynn Macau has already commenced construction of the development, which will include a 600-room luxury hotel, approximately 100,000 square feet of gaming space, seven restaurants and approximately 28,000 square feet of retail, together with a spa, salon and entertainment facilities. The project has an estimated base project cost of approximately \$700 million and is scheduled for completion during the third quarter of 2006. [Back to "Clients Making News."](#)

Toulumne looking for a few hundred good employees

The Tuolumne Band of Me-Wuk Indians recently held a job fair to line up employees



for Phase II of their Black Oak Casino. The expansion is expected to add 400 employees to the staff and more than enough applicants were interviewed. The Innovation Group did the feasibility study for the expansion, which analyzed the potential for the increase from a 22,000-square-foot casino to a new 164,770 facility. Phase II is expected to open in December with 940 slot machines, 24 table games, a non-smoking gaming area, three restaurants, two casino floor bars, an interactive sports bar, an entertainment lounge with dance floor, a players club and gift shop. In addition, the casino will devote almost the entire first floor to safe family entertainment. [Back to "Clients Making News."](#)

Rochester not yet OK with downtown casino

While The Innovation Group's market assessments for the Seneca-Cayuga Tribe of Oklahoma showed the financial viability of their proposed Rochester casino, the tribe still has political opposition to overcome. Developer Thomas C. Wilmot is ready to move ahead with a \$500 million project that would include 2,800 video lottery terminals, 150 table games and a 400-room hotel. But the mayor of Rochester, other political leaders and even some in-state tribes oppose the idea. Wilmot maintains that the downtown site would provide as many as 2,000 permanent jobs and revitalize the area, and suggests lobbying the governor and state legislators to show that citizens want the casino. Negotiations are expected to continue after the November elections. [Back to "Clients Making News."](#)



STAFF IN THE NEWS

Tom Zitt on sizing casinos for the market

Thomas J. Zitt, Ph.D., The Innovation Group's Senior Vice President Strategic Planning, was quoted in the Pittsburgh Tribune-Review on the anticipated size of Pennsylvania's newly legalized slot parlors. Under the new law, the Keystone State's casinos have the potential of becoming some of the biggest in the world. Twelve of the fourteen casinos proposed can open with as many as 3,000 machines, but can expand to 5,000 within 6 months with the permission of state regulators. Tom dampened speculation that the state would soon have 60,000+ machines, saying the size will vary by location depending on population density and market demand. The Innovation Group did the gaming analysis that

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supported Pennsylvania State Senator Fumo in getting the legislation passed. You can read the article in its entirety at:

http://pittsburghlive.com/x/tribune-review/trib/pittsburgh/s_250348.html

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THE INNOVATION GROUP NEWS



Steve Rittvo, Pioneer

Steve Rittvo has been appointed to the Advisory Committee of the School of Hotel, Restaurant and Tourism Management at the University of Denver, home of the Pioneers. Established in 1946, the School of Hotel, Restaurant and Tourism Management, part of the Daniels College of Business at the University of Denver, prepares students for senior management positions in the fast-changing and competitive hospitality industry. As one of the most prominent hotel programs in the nation, the HRTM program enjoys a superb reputation for innovative educational programs.

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A relocation and a new start

Matt Landry moves to Atlantic City and Sid Berger starts in New Orleans

Matthew J. Landry, who's been with The Innovation Group's Denver office since early 2003, has now relocated to our Atlantic City office where he'll be closer to family and his native New England. As The Innovation Group's Vice President Strategic Consulting, Matt's responsibilities include managing client relationships and leading client engagements. In his year with the company, Matt has already proved invaluable, assisting public and private operating companies, Native American tribes, potential investors, developers, investment banks, and state and local governments in a wide range of projects. His recent engagements have involved merger and acquisition activity, feasibility analysis, strategic positioning, and primary research in markets both domestic and abroad. Before joining The Innovation Group, Matt achieved a 34% rate of return in the venture capital industry, leading due diligence projects, performing sector and portfolio allocation

and analysis, and assisting in the management of portfolio companies in the energy and telecommunications industries. Prior to that, he was an Associate in Corporate Planning and Development at Reliant Energy, developing and implementing strategic plans and initiatives in their European office. Matt holds an MBA from The University of Chicago with concentrations in Finance, Strategy, and Entrepreneurship and a Bachelor of Science in Mathematics and Economics from the University of New Hampshire.

If The Innovation Group is behind the folks who make the biggest decisions in the business, Sid Berger is behind us. Sid was brought in to help with administrative duties in the New Orleans office, having owned and managed his own business for years. But, as the business he owned was an advertising agency, where he was also creative director, Sid's also been doing our own marketing in-house, giving us a public face we've never really had. He's put together our newsletter, press releases, our G2E booth and so on. And because his agency background also included significant research experience, he's even crossed over and helped coordinate a survey as part of a recent market assessment project for a client. Sid has a B.A. in Psychology from Tulane University and an MBA from the University of New Orleans. [Back to "The Innovation Group News."](#)

For more information on The Innovation Group, visit <http://www.theinnovationgroup.com/> or contact [Steve Rittvo](#) or [Stephen Szapor](#).

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