

COMPARISON OF REVENUE FOR TABLE GAMES (includes keno and bingo) and COIN OPERATED DEVICES

STATE OF NEVADA — FISCAL YEAR 1987 (for Locations with \$1,000,000 and over)

LOCATION AND # OF CASINOS	TABLE GAMES				COIN OPERATED DEVICES			
	AVE. AREA SQ. FT.	REV PER SQ. FT.	TOTAL REVENUE	PCT. OF TOTAL	AVE. AREA SQ. FT.	REV PER SQ. FT.	TOTAL REVENUE	PCT. OF TOTAL
CLARK COUNTY								
LV STRIP (38)	9,004	2,559	806,342,175	50.5	15,675	1,233	716,438,492	44.8
LV DOWNTOWN (21)	8,416	1,325	189,630,216	36.2	13,845	1,062	308,879,216	58.9
BOULDER HWY (8)	6,563	401	18,408,205	19.5	10,885	944	73,152,665	77.7
HENDERSON								
LAUGHLIN (6)	5,827	1,250	43,715,750	20.8	16,724	1,595	160,016,869	76.2
OTHER COUNTIES								
LAKE TAHOE (6)	9,952	2,417	144,340,512	48.3	22,258	1,083	144,647,941	48.3
ELKO (12)	3,653	596	26,106,751	31.7	6,049	753	54,635,540	66.4
WENDOVER (5)	4,125	706	14,563,883	31.7	7,492	751	28,121,289	64.6
RENO/SPARKS (30)	6,520	1,134	199,565,681	32.7	14,296	942	390,393,580	63.9
REST OF NEV. (34)	2,978	654	58,512,490	23.4	5,455	1,015	158,733,821	73.5
TOTAL STATE OF NEVADA	6,486	1,637	1,486,622,359	40.5	12,238	1,098	2,031,898,124	55.4

Source: State of Nevada Gaming Abstract, 1987.

What has caused the shift in revenues from tables to slots? According to "Gaming and Wagering Business" magazine one reason is that the new federal regulations that require reporting of all winnings over \$10,000 to the Internal Revenue Service has marked an end to the "catered to high-roller era." The high rollers were traditionally table game gamblers. Now the million dollar slot jackpots are pulling former table players to the slot area. Besides offering huge jackpots, casinos have instituted more marketing plans to attract slot players. Richard Schuetz, executive vice president for casino operations at the Frontier was quoted in the *Las Vegas Sun*: "There has always been heavy competition among casinos for the table players. Now the same competition is starting for slot players."

According to Elias, the switch from table games to electronic games has increased the casinos' take and allowed the big hotels to cut expenses. Schuetz confirms his opinion, "Our poker machines produce more than 10 times the take of our cardroom. We've taken out a pit that once had eight table games and we're making more money than ever. That's let us cut down labor costs while still pleasing our customers."

We wish we could offer stats on the revenue generated from residents of Las Vegas as compared to that from tourists. But that would be impossible to compile. However, income from tourism would undoubtedly be higher or the hotels wouldn't be adding more rooms.

According to Rossi Rolenkatter, Director of Tourism and Research for the Las Vegas Convention and Visitor Authority (LVCVA), a record 1,633,019 people visited Las Vegas in March 1987, representing a 10.3 percent increase over March 1986. That's for just one winter month in

Vegas. Also, despite the addition of 3,000 hotel rooms during the first quarter of 1987, the occupancy rate was 99.2 percent on weekends. Conventions aside, that's a bunch of people taking a trip for a "gambling high."

We can't begin to calculate the percentage of those visitors who went home losers instead of winners. We'll bet most of them experienced a "low" rather than a "high," especially in their pocketbooks.*

Las Vegas attracts some of the largest conventions in the world to the Convention Center just one block from the Strip and to Cashman Field Center just north of Glitter Gulch. However, despite several expansions to the Convention Center, the larger conventions still rely on the convention halls in the surrounding hotels to provide additional exhibit space and seminar rooms. Attracting conventions to Las Vegas gives people "two" or more reasons to visit the city. First, a business related convention helps fill up all the hotel rooms. Second, people who might never "plan" to visit Las Vegas otherwise frequently fall in love with its many attractions and return again and again to gamble, see the celebrity shows, or relax in its resort atmosphere.

According to Ralenkotter, more tourists now visit Las Vegas. Of the whopping 15.2 million people last year, 1.5 million attended conventions, expositions, and other gatherings hosted by the city. That figure represents a 41.7 percent increase over the prior year. CONEXPO, the convention for the construction industry and its equipment manufacturers has 112,600 delegates alone, to fill 61,000 hotel rooms!

Some statistics show that of the convention visitors, a

*Most casino executives believe the percentage of losers is greater than 95%! A sobering statistic indeed!

much larger majority play slots than the typical gambler. Not surprisingly, those who visit Las Vegas primarily to gamble are table players. Those who are in town for a convention are not necessarily crap shooters or blackjack counters. Indeed, their gambling fever, for the most part, is low. So the slot machines get most of the action.

As for Atlantic City visitors, the traffic is bumper to bumper on the Garden State Parkway, often worse than that on the notorious Los Angeles freeways. In the casinos, you have to stand in line behind players for a seat at a table or to play a slot machine.

Also, the visitors to Atlantic City usually do not stay as long as those to Nevada. It is just a few hours drive from highly populated cities and many players arrive on buses or drive in for a day's entertainment.

Atlantic City is a former resort with a tattered elegance, remnants of a past splendor. When gaming was legalized there, it was expected to revitalize the city as a whole. The great success of the casinos has yet to spill over into the rest of the city. Instead, it has developed only islands of opulence, casinos that are bright bustling, happy places, in a sea of crumbling buildings graying like driftwood on the beach.

Are Slots Taking Over the Casino?

Recognizing that slots are a threat to the existence of the traditional casino table games, casinos have started to try to keep the two in balance. Along with slot tournaments, they are holding more frequent tournaments for blackjack, craps and poker with higher stakes than ever before. Especially on the LV Strip, casinos try to add table

games in proportion to expansion for slot machines, to keep the total gaming concept alive, but the evidence is hard to find. Perhaps the pendulum will swing back again, but we doubt it.

Why? If you walk into a casino at 3 or 4 a.m. you will find most tables shut down, but many slot machines will still be jingling away. Casinos are routinely converting lounges, bars, keno parlors, coffee shops — any space they can find — into . . . you guessed it, more rows and rows of slots. Today, slots are where the “real” action is!

CHAPTER 14

The Future Of Slots

On The Drawing Board

A few of the giant casino-hotels will soon become “super giants” in their race to be the “biggest and the best” in the U.S.A. if not the world.

Plans have been unveiled for a new 3,600 room hotel to be built on the Las Vegas Strip, rivaling all the rest. Price tag for the 86 acres it will need was \$56 million. Estimated cost of the new resort is \$500 million!

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reach for the sky? No sir! Many of the other major hotels have announced expansions that could possibly total another 5,000 rooms!

Bally's (former MGM) has 2,830 rooms and at this writing has razed the adjacent motel to make room for what? Another tower expansion? We'll bet on it!

The El Rancho is planning a 587 room tower and the Rivera is adding 757 and received approval for a high rise expansion for a total of 4,179 that is supposed to make it the largest privately owned hotel in the world. Other hotels on the list for expansions or new construction include the Dunes, Holiday Inn, Imperial Palace, Sahara, Golden Nugget, and Southstar.

Although not official, the Flamingo Hilton is expected to expand soon with as many as 1,600 rooms making *it* the largest with 4,527.

What about the other giant on the "magic corner" of Flamingo and Las Vegas Blvd? Caesars Palace has already revealed its intention to build a Roman Forum on the north side of its mammoth complex. The "Forum" will include a 150-store shopping complex sure to rival the exclusive shops in the Fashion Show Mall down the street. Our guess is that the shops inside the main hotel will then make way for more... *slot machines!*

Also planned are two open air pits, that can be seen from the sidewalk, which will show everything from Gladiator matches to wild animal acts. Christians, watch out! Rome may rise again!

The Strip will likely have another "new kid on the block" to contend with if plans continue for the Southstar hotel-casino complex to be built south of the Hacienda Hotel. Southstar is conceived as nine high-rise hotels totaling 6,000 rooms built around a central diamond-shaped

casino of 120,000 square feet, which would be the state's largest. The hotels are the vision of Southstar Development Corporation, a group of successful California and Nevada real estate developers. Construction of the casino complex is the responsibility of Allison and Associates, headed by Don Allison, former president of Caesars Palace. The entire resort will include a 2,000 seat showroom, retail shops, multi-tiered parking garage, gourmet restaurants and convention facilities. Prices will range from "affordable to plush."

Kirk Kerkorian, builder of the original MGM Grand, is back in the casino business with the purchase of the Desert Inn from Summa Corp. We expect a major expansion of this prime Strip property to include not only more hotel rooms (the DI now has 800) but more "room" for more slot machines!

Because of the increasing convention attendance, the Las Vegas Convention and Visitor Authority predicted that within two years Las Vegas would need to add 10,000 more rooms to its current total of 55,000. If all these proposed superstructures materialize, the 10,000 room estimate may well be exceeded in the race for the top mark in high-rise accommodations.

What will pay for all this construction? If the current trend continues, the revenue from slots and more slots will foot a good part of the bill for their elevation and evolution to "super giant" status.

Meanwhile south of Las Vegas near the California and Arizona borders the town of Laughlin continues to expand. It currently is the fastest growing area in the state, with an airport and three new hotels on the drawing board. That little community was started by Don Laughlin in 1966. By 1987, his Riverside Casino grossed \$100 million!

Together with the other five casino/hotels, some of them owned by Circus-Circus, the Boyd Group and the Holiday Inn, Laughlin surpassed Lake Tahoe in gaming revenues with \$186 million, in third place behind Las Vegas and Reno. They currently have 3,246 rooms and 6,593 slot machines. Harrah's Del Rio when built will have 479 rooms and 1,013 slot machines. Two other casinos are also planned for that little boomtown on the Colorado River.

A full blown casino is also planned on the Fort Mojave Indian reservation near the California Border southeast of Laughlin. It depends on the congressional decision as to whether or not it will be subject to state gaming regulations.

The Eldorado Hotel/Casino in downtown Reno will add a 25 story 400 room tower and 22,100 square feet more casino space. The expansion will put them in the same league as Harrah's Reno and the Tahoe Nugget.

Who knows, maybe the future will see a high speed train connecting the Reno, Las Vegas, and Laughlin areas so that tourists may visit all three locations in one day. The train may even be equipped with slot machines so travelers can play on the way. This could be a project financed by the Super Giants and the manufacturers so tourists don't lose all that playing time driving their own vehicles for five to ten hours per day.

In Atlantic City, casinos also continue to expand. The Tropicana, renamed "TropWorld" with its 200 million dollar expansion, will have casino space totaling 40,000 square feet! Seventeen restaurants, lounges and food outlets will seat 4,600 people at a time.

Construction of Donald Trump's Taj Mahal will probably continue and when complete could be the largest casino in the world.

Slot Areas for Non-Smokers

The current trend to accommodate non-smoking activities has already started to infiltrate the casino atmosphere. Most restaurants have non-smoking sections. La Mirage in Las Vegas went so far as to ban smoking in the entire restaurant. Some smokers vowed never to return but the lure of the slots is too strong and they have been drifting back.

Most casinos already have posted non-smoking table games. As the non-smoking players continue to outnumber the smokers, more casinos will follow northern Nevada in dividing the slot areas too.

Slots in Hotel Rooms

Why not play from the hotel room, by way of TV monitors and cashless remote accounting? This possibility has already been considered. It would be difficult (though not impossible) to monitor whether or not the machines were being played by minors who may be in the party of guests. The technology does exist to overcome this problem.

Automatic Gambling Against Your Bank Account

Gambling on cashless slots with automatic deductions and additions to credit card or bank accounts is a definite possibility. You might even get periodic print-outs of your "action." Such print-outs would provide a player with excellent records for money management. Safeguards on

limitations of "withdrawals" would be necessary to prevent compulsive spending below levels needed for payment of existing loans and monthly expenses, of course. The IRS would love this type of gambling if they could insist that banks automatically report taxes on winnings as they do interest. This could have a positive effect on legislation to allow more tax deductions for losses that exceed your winnings in a given year or for prorating wins and losses over a period of years.

Slot Playing at Home to Win

Casinos might even rent remote monitors or machines for installation at homes, with a selected password to play specific machines on the casino floor, either on a credit card or advance deposit basis. This may not be as crazy as it seems at first. It certainly is technically possible using your telephone or cable lines. Imagine yourself playing your favorite machine from your easy chair or bed at all hours of the day or night, taking time out only to watch Johnny Carson or the Super Bowl. A nice diversion during commercials instead of a trip to the fridge for something fattening.

High Roller Carrels

For the ultimate in sophistication and intimacy for high rollers, why not enclosed booths for one, two, or even four-player parties? Each carrel would contain an assortment of the latest types of slots, video poker, keno, horse racing, etc. (equipped as pre-ordered by the client for his favorite games). In addition, there would be remote

monitors for use in placing wagers on the live action from the sports book and keno lounge. The high roller would merely deposit his bank roll with the casino cashier, and his pre-programmed slots could automatically deduct his play and add his winnings for as long as he wishes to play and/or his bankroll lasts. There could be a call button or intercom for beverage and perhaps even meal service with menus on the remote monitor if the player is reluctant to leave his machine for meals as many avid players are.

Does this sound too far out for you? Well, if some people today are willing to plunk down 50 grand per season for a "luxury box" at an NFL stadium, why not a luxury box at their favorite casino?

Where will this slot mania end?

An article with StarDate 11/7/2121 might read:

A SLOT TOURNAMENT FOR THE RICH AND FAMOUS.

Five casino/hotels on separate space stations have announced a five-week tournament of tournaments, the ultimate in posh entertainment for slot high rollers. At an entry fee of a cool million, contestants will spend three days each at Caesars Universe, Astro-Hilton, MGM Constellation, Galaxy Nugget and Bally's Nova, in a weightless but heavily intense round of slot competition, vying for the ultimate prize — a half billion dollars credit at the Intergalactic Bank. Between sessions of tournament play, vacationers will practice on the latest in space-linked slots, The Meteor Shower, with a possible progressive jackpot which started at one trillion dollars and is currently approaching the lucky \$13 trillion mark.

It's time to close the book on this madness. Good luck, dear reader!

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FROM THE BOOK:

If someone wins a jackpot on the next pull of the machine you were playing, a computer inside probably determined the jackpot's timing; not the fact that the jackpot came on the next pull.

Video poker machines are unlike slots because you can see exactly what the percentages are by looking at the pay schedules, and then shopping around for the best machine to play.

Gaming authorities held a school to educate casinos and manufacturers on the methods used by slot cheats. Suddenly, cheating incidents escalated, so the school was discontinued.

Video poker players admit to marathon sessions of 24 hours at a time, pushing those buttons and watching that screen as though hypnotized, waiting for someone to snap their fingers and wake them up.

A player discovered that by manipulating the handle, cherries would line up for a win every time. The casino had him arrested. Although charges were later dismissed, the man sued for false arrest and won a judgment of \$25,000!

To take a break, a player will place a cup in the tray along with all his coins to signal that the machine is taken, and then ask a total stranger to "watch" it for him.

The satisfaction of winning at slots is not as great as video poker. Having had some influence on the outcome makes the player feel he has "earned" his money.

Casinos are playing a one-upmanship game with million dollar jackpots. Now, big winners are so common, they get little coverage in the news.

The length of time or the amount of money played in a machine without its paying has no bearing on its readiness to pay. The machine is no respecter of persons; it doesn't know a lucky player from an unlucky one; it doesn't care or know how much you have played or paid. The machine is . . . after all, just a machine.

"I'd rather see a thousand players win \$1,000 jackpots than to see one person win \$200,000."

"The take from table games is stagnant, craps is even down. Slot players are the gamblers of the future." *Casino managers.*



ABOUT THE AUTHORS:

Dwight and Louise Crevelt deliver a one-two punch in dealing the straight facts about beating the infamous one-armed bandits.

Dwight is a respected engineer in the slot machine industry having worked at Gamex, Mills-Jennings, and IGT. He is the founder of Crevelt Computer Systems where he designed a special version of the Memory Comparator, a device used by casinos to verify jackpots.

Louise is a former Instructor of English at the University of Nevada Las Vegas (UNLV) and is an active player and enthusiast of slot machines. Her firsthand understanding of the machine's "outside" coupled with her son's first-rate knowledge of the machine's "inside" come together as a powerful combination.

Slot Machine Mania is THE book on this fascinating subject.

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