



Five Myths About Casino Entertainment

by Kell Houston

Over and over tribal properties are running into a lot of the same entertainment questions and concerns. Below is a list of five of those issues/myths to help clear up some of the confusion.

Myth #1 - The Millennials Mystery

Otherwise known as Generation Y, or the Internet generation (iGen), Millennials are people born between the years of 1980 and 1995. Millennials are often "echo boomers" (their parents were part of the baby boom), and they are often extremely tech-savvy. They are the talk at every gaming conference you attend. With regard to catering to them in entertainment, a little bit is fine. They don't necessarily have the same amount of disposable income and they may be more socially driven to hang out with friends in and around the lounge or bar. Keep them on your radar, but don't go overboard. Their time will come. If you decide to bring in a show that caters more to the Millennial demographic, don't look for much of a gaming floor bump. And keep in mind that a show geared toward Millennials could push some of your regular customers away.

Myth #2 - Save Money by Eliminating Live Bands

Perhaps you want to bring in a DJ and operate more like the club scene Las Vegas has at their properties. Overall, the secondary and tertiary markets at tribal casinos are not like the Las Vegas Strip. Some properties have cut out a very successful live music performance in their lounge to go with a DJ to save money. Before you jump headfirst into this plan, understand your regional culture. Live music has always done well. It's typically about the quality of bands you are booking and the age of your core customer. A DJ can be very good for a more urban location, but when you get outside of those areas, it is probably wiser to get the best local bands available. For a local band to be successful, first look at their social media presence and then go see the band play. Most bands play the same music, so the question is do they have personality and a presence on the stage. Do they have a fan base that follows them around? These are important criteria. Remember, you get what you pay for.

Myth #3 - Get Your Money's Worth With Longer Shows

This is not the right way to go. You are in the gaming business with soft tickets and comps. You want your customer in the casino and on the gaming floor. Concert entertainment is about drawing people in, not holding them in a concert venue for hours at a time. 75 minutes tends to be a good length of time for a show. Putting an opening act on the bill, extends the time

in the showroom and adds additional costs, which is not your goal. Keep it simple and choose your entertainment accordingly. You want people in and out in a reasonable time frame.

Myth #4 - Concert Costs Will be Covered by Ticket Revenue at the Door

Of course this is the goal. However, just some simple math will explain why this is an issue. The artists/events that are going to actually sell tickets are going to cost \$15K - \$30K, at the bare minimum. Then you have production costs, advertising and marketing for the show, hotel rooms, ground transportation, hospitality, etc. for the performer. Your costs will then start to be \$30K - \$60K or more. Take a 1,000 seat venue with 3 tiered seating as an example:

200 at \$50 = \$10,000

400 at \$30 = \$12,000

400 at \$20 = \$ 8,000

Gross revenue if you sell every ticket = \$30,000 – no comps. The artists that are really selling 1,000 seats and more are typically going to cost you in the \$40K and up range. You see the dilemma here.

The recommendation is to evaluate the overall incremental revenue stream that concerts and events create at your property. Don't expect to pay for the artist off the door/ticket revenue. Casinos are able to create all sorts of incremental revenue flow. Look at the big picture.

Myth #5 - Weekends are Best for Live Entertainment

There are seven days in a week. The most overused days for entertainment are Friday and Saturday. Friday and Saturday is also when you draw the most people to your property. Friday and Saturday is where you will be paying the premium price for your entertainment. If a casino works hard to develop an off night entertainment program for your bigger shows (Thursday or Sunday, for example), you win several times over:

- You will pay less for the artist.
- You will not be displacing your core customers.
- You will be driving incremental revenues on a typically slower day.
- A win/win scenario. ♣

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