



Building a Quality Hotel Experience

by Andrew Klebanow

Hotels at Indian casinos have evolved since the passage of the Indian Gaming Regulatory Act of 1988 (IGRA) and as they have evolved, the roles they play to their respective casino enterprises have grown in importance. Today, a hotel often makes up the second largest source of revenue behind a casino. It serves as a tool to further enhance gaming revenues by extending the time customers spend in the casino while attracting new market segments. Customers enjoy getting away for a short vacation in an energetic environment, coupled with a great lodging experience. What has become increasingly evident is that providing a quality hotel experience is now an essential component of the gaming experience.

At some tribal casinos, the hotel experience offered does not always match customer expectations. This is because many hotels were developed in a different era under dramatically different circumstances. In the early days of Indian casino development, tribes did not have access to traditional capital markets. In the years after the passage of the Indian Gaming Regulatory Act (IGRA), Indian gaming was still in its nascent stages and had yet to demonstrate its long-term viability. Issues involving tribal sovereignty further discouraged lenders from participating in hotel development on tribal lands. As such, tribes that sought to add lodging to their casinos had few options.

More often than not, limited access to capital forced tribal casinos to build budget accommodations or partner with hotel developers that specialized in limited service properties. The result of this kind of hotel development is that today, some tribes have legacy hotel products that no longer meet the needs of their customers. What was sufficient twenty years ago may no longer be competitive today. While an older, limited service motel may still be good enough for a small minority of gamblers, the vast majority of customers have come to expect more in their lodging experiences. In addition, limited service hotel brands have continued to improve their hotel offerings, thus raising the bar for what customers expect from the most basic of lodging experiences. A casino-hotel built twenty years ago may no longer be good enough to meet the minimum expectations of the casino customer of today.

The passage of IGRA did not by any means provide tribes with their first entry into hotel operations. Tribes in numerous jurisdictions had been operating hotels prior to 1988. In fact, tribes, notably in the southwest U.S., had long operated successful hotel enterprises prior to IGRA. Many of these properties were built as true resorts. Only after the passage of IGRA did they add casinos to their existing hotel properties. More often than not, those casinos did not match the

ambience of their neighboring hotel. In other words, the hotels were decidedly nicer than the casinos that were hastily added. Also, hotels and casino enterprises were often operated by outside management teams, with each reporting directly to tribal leadership. Developing cohesive casino marketing strategies that utilized the hotel as a marketing tool remained a challenge.

Since the start of the new millennium, many tribes were able to develop hotel properties that better matched the evolving wants and needs of casino customers as well as develop lodging products that attracted new market segments such as leisure travelers and business groups. Purpose-built casino-hotels are now the most prevalent form of lodging development, and while quality ranges from 3-star to 5-star accommodations, they are certainly more suited to the needs of today's gaming customers than previous iterations.

A Critical Aspect is Hotel Design

Architects, interior designers, construction firms, and hotel development companies have collectively been designing and building hotels for a very long time. The design and construction of a new hotel requires a considerable amount of research prior to the time a shovel goes into the ground. It requires understanding customer needs and expectations, what the competition has done, project costs, and expected returns. Most important, it requires thoughtful planning because once a hotel is built, it is often prohibitively expensive to correct problems in design and construction. A common mistake is building a hotel that provides the same lodging experience as a nationally branded limited service hotel. While many of these brands provide a consistent lodging experience, invariably, they often do not provide truly memorable experiences. Today's casino-hotel has to be better. Some problematic areas to be aware of include:

Climate control systems – Most modern limited service hotels are models of efficiency and cost management. One way to reduce construction and operational costs is to install “through-the-window” climate control systems, often referred to as PTACS (portable terminal air conditioning units). Hotels equipped with PTAC units are less expensive to build and do not require more complex central climate control systems that must provide both chilled and heated air. Unfortunately, PTACs are noisy and often detract from a restful night's sleep. Once a hotel is built with PTAC units, it is impossible to replace them with a central system.

Bathrooms – To many guests, the quality of the bathroom, both in design and fixtures, plays a critical role in the lodging experience. In fact, it is in the shower area where the casino-hotel can make its most lasting and memorable impression. Multiple showerheads in an area that offers ample room is often cited by customers as a hotel's single best feature. People remember great showers because it is something they often do not get at home.

Does the furniture fit? A common mistake is not testing how the furniture will fit in a hotel room. While casino leadership may have the opportunity to touch furniture finishes and view renderings or photos of furniture prior to construction, they should also have the opportunity to see how those pieces fit in a room in advance, prior to discovering that there is insufficient room between the bed and the wall, or that the space between the bed and the credenza is too narrow or there is no logical place to plug in the coffee maker.

Are there enough suites? Another compromise, usually driven by budget considerations, is to build a hotel comprised solely of standard rooms. A night in a suite can be the most impressive aspect of an overnight casino lodging experience and a complimentary upgrade to a suite is an acknowledgement of a valuable customer's worth. At a minimum, a casino-hotel should allocate 10 percent of its room mix to suites, while 15 percent allows for a greater number of guests to enjoy truly memorable experiences.

Elements of a Quality Hotel Design

There are a lot of elements that go into the design and construction of a casino-hotel, and there are a lot of opportunities to make a mistake, overlook a key design element or simply get something wrong. Astute planning should include the following:

Talk to your customers – Virtually every casino in the U.S. has a core group of premium tier patrons who have stayed at hotels in Las Vegas, regional gaming markets, or competitors' properties. Sound casino-hotel design begins by talking to those players. Ask them what makes a casino-hotel room memorable. Ask them what they would like to see in the ideal hotel room.

Evaluate the competition – For any casino operating in a competitive environment and planning a hotel, it is

essential to stay at competitors' hotels. If the goal is to create a better lodging experience, then the hotel that is being planned should exceed that offered by the competition. Only by staying in those hotel rooms, unpacking a bag, plugging in a laptop, reclining on the bed, watching television, ordering room service, and kicking back, can a competitor's hotel room be evaluated and better features incorporated into the hotel product.

Build a model – A model hotel room is perhaps the most valuable tool in the design of a new hotel. Constructed in a nearby warehouse, a model room allows the casino operator and designer to see how all the furniture will fit into the room. By staying in that room for a few hours, design flaws will make themselves apparent. Is there sufficient room to walk around? Is the lighting good? Is there a place to plug in an iron? Does the closet door hit the shelf where the suitcase is stored? Bring in housekeepers and ask that they clean the room – then poll them and ask how the room can be made more efficient. They may recognize problems that managers may not notice. Will the showerhead spill water outside of the shower pan? Will the countertop show water stains? Is the coffee maker in the wrong place? These are issues a professional housekeeper can recognize.

Exceed customer expectations. Perhaps the most important goal in the design of a quality hotel room is to build a product that exceeds customer expectations. Just good enough is no longer good enough. A casino-hotel has to be decidedly better than a modern, limited service hotel brand. It has to provide a more comfortable experience with elements that make the stay truly enjoyable and memorable.

Anyone can provide an overnight accommodation. A casino has to provide an exceptional overnight accommodation. Once built, it will likely stand for at least thirty years. The lessons learned from the evolution of casino hotels over the last thirty years must be taken into account to build a property right, because opportunities to rebuild hotel rooms are rare. ♣

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