



## CASE STUDY

# Visionary Indian Casinos Challenge Las Vegas Dominance of Hispanic Gaming Revenues

by Paloma Gonzalez

The fact that Las Vegas is the number one destination in the U.S. for the largest Hispanic community in the country makes the following Indian gaming success story even more epic.

In 2006 Scarborough Research estimated that approximately 48% of Los Angeles' 3.3 million Hispanic domestic travelers, age 18 and above, were deemed to have visited Vegas at least once within the past year. This amounts to 1.6 million people in one year just from LA metro area!

You do not need to know Spanish to understand that those 1.6 million Hispanics fly over, circumvent or even worse, actually drive by an Indian gaming casino in order to get to Vegas. Las Vegas has always been the Mecca of Hispanic gaming.

The winds of change are blowing thanks to the marketing efforts done by two visionary casinos in Southern California, Morongo Casino Resort & Spa and San Manuel Indian Bingo & Casino. They are challenging this dominant hold and may be starting to reverse the trend in order to bring a larger part of the LA Hispanic gaming revenues to the reservations.

### The Numbers Don't Lie

Los Angeles Hispanics are changing their gaming habits, and hundreds of millions of dollars are up for grabs. Every single variable we analyzed told the same story: Hispanic visitors to Indian gaming casinos are up and growing while Vegas is down in terms of Hispanic visitors. Vegas should pay close attention since some of the numbers indicate that the growth in Indian gaming seems to be at their expense.

Many Indian gaming casinos cater to Hispanics, however, these two casinos in particular were singled out because they have outspent their competition in an effort to court the LA region's Hispanic consumers. For example, these two casinos have been consistently the largest spenders in LA Spanish language television for the category according to TNS Media Research.

Now their efforts are paying off for the entire Indian gaming industry in Southern California. Both Morongo Casino Resort & Spa and San Manuel Indian Bingo & Casino practiced a two-point Hispanic marketing strategy:

- **Entertainment in Spanish:** Bringing top Mexican, Central, and South American concerts and entertainers to their venues as well as the best of Hispanic boxing.
- **Advertising in Spanish:** A lot of things get lost in

translation so these casinos have poured hundreds of thousands of dollars into Spanish language media to reach out in a culturally relevant manner to the Hispanic audience.

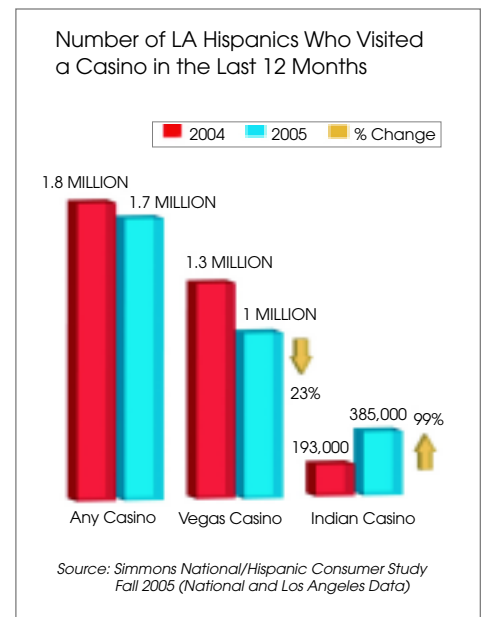
What is interesting is that Las Vegas also offers top entertainment in Spanish as well as Hispanic boxing, but Vegas was outspent in Spanish language media in LA by these two Indian Gaming tribes, and when all was said and done, Indian Gaming 1 - Vegas 0.

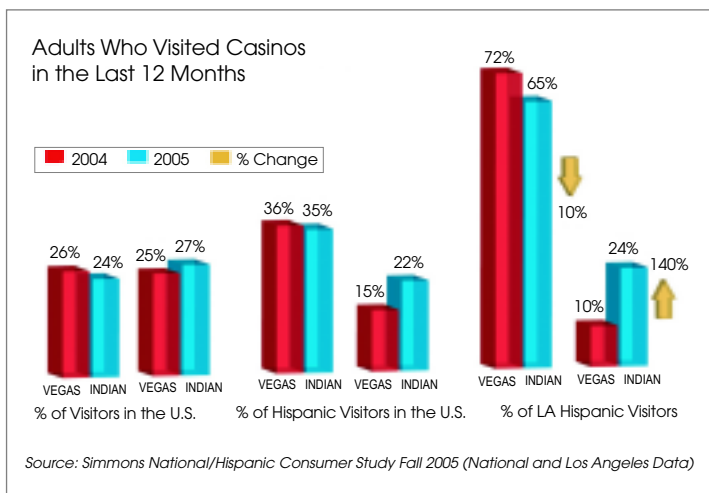
### Hispanic Indian Gaming Up at the Expense of Vegas

This study was conducted using research gathered in 2004 and then again in 2005. We compared the two to see the evolution and the advances that Indian gaming has made in the Hispanic community are significant.

We asked Simmons Research how many LA Hispanics went to a casino in the past 12 months and the number in 2004 had been 1.8 million Hispanics had been to any casino, 1.3 million visited a Vegas casino, and only a paltry 193,000 had been to an Indian gaming casino. Clearly, LA Hispanics were skipping over the Indian casinos and driving off to Nevada.

For 2005, 1.7 million LA Hispanics had been to any casino, 1.0 million visited a Vegas casino, and 385,000 had been to an Indian gaming casino. Vegas Hispanic LA visitors were down 23%, but Indian gaming LA Hispanic visitors were up a whopping 99%, almost double the amount from the year prior. Vegas lost 300,000 LA Hispanic visitors while Indian gaming gained close to 200,000. It is hard to believe these two numbers are independent of each other.





Vegas gaming still represents 35% of all Hispanic gaming, but Indian gaming went from 15% in 2004 to 22% in 2005.

Looking at just LA, the growth of Indian gaming in the Hispanic community is even more dramatic. In 2004, only 11% of LA Hispanics that went to a casino had gone to an Indian gaming reservation, in contrast to 2005 where now 24% have gone to an Indian gaming casino.

### The Hispanic Gaming Gap

One variable sums up the effort: How many LA Hispanics went to Vegas and did not go to an Indian casino. This number is the Hispanic gaming opportunity gap – an indicator of the remaining upside potential.

In 2004, 1.2 Million LA Hispanics had gone to Vegas and had not touched an Indian casino.

That gap was reduced in 2005 to 895,000, but is still over twice the size of the LA Hispanic population currently visiting Indian gaming casinos. Indeed, there is still a huge upside opportunity!

The future looks bright for Indian gaming in Southern California and across the country. As more and more Indian gaming casinos recognize the value of the Hispanic consumer, take the time to find the best Spanish language sports and entertainment, and invest in Spanish language media, the more revenues they will take away from Las Vegas casinos. The era of Las Vegas dominance of the Hispanic consumer seems to be coming to a close.

Indian gaming is making huge inroads into the Hispanic gaming community so the message for 2007 is clear: Vegas, watch out! With 7.6 million Hispanics visiting casinos every year, should these trends continue, what might get lost in translation is “Viva Las Vegas” itself. ♣

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### Increased Hispanic Frequency was Key

Back in 2004 we had found that roughly half of Hispanic visitors to an Indian casino were casual users (1-2 visits in the last twelve months):

- 1-2 Visits: 41%
- 3-5 Visits: 26%
- 6+ Visits: 24%

In 2005 we had found that only one fifth of Hispanic visitors to an Indian casino were casual users (1-2 visits in the last twelve months) and that almost half were now higher frequency users (3-5 visits in the last twelve months):

- 1-2 Visits: 19%
- 3-5 Visits: 47%
- 6+ Visits: 34%

Operationally, this increased frequency plays well into all the client retention models that the various casinos have in addition to creating unparalleled loyalty. This is a sign that the Hispanic growth is really in the right direction, not only are Indian gaming casinos getting more Hispanics, they are getting more Hispanics more often.

### The Indian Gaming vs. Vegas Trifecta

In addition, we looked at how Simmons research ranked three different variables:

- Vegas gaming and Indian gaming as a percentage of all casino visitors in the U.S.
- Vegas gaming and Indian gaming as a percentage of all Hispanic casino visitors in the U.S.
- Vegas Gaming and Indian Gaming as a percentage of all LA Hispanic casino visitors in the U.S.

The results are a testament to the world class quality level of the Indian gaming experience. Indian gaming now represents 27% of all casino visitors and has surpassed Vegas in terms of percentage of total casino visitors per year (24% for Vegas).

