

GAMBLING WITH THE LEISURE POUND

The UK's casino industry could be on the verge of major change. If the recommendations of the Gambling Review Body are taken on board by Government and Parliament, a major relaxation of the laws governing gambling will give operators a range of opportunities to encourage new punters - and to keep them coming back. Casinos in the United States, meanwhile, have long enjoyed many of the proposed benefits, including permission to stage live entertainment and to serve alcohol at their gaming tables. At this historic moment, *Locum Destination Review* offers a comparison with the more mature casino gambling industry across the Atlantic.

Scale, turnover and visitation

There are some 123 licensed casinos in the UK, compared with 470 in the US. Despite being outnumbered by almost four to one, the UK casino industry generated gross gaming revenue of £7.35 billion in 1999, approximately half the amount generated by its American cousin. So while the overall gross revenue of the US market is far higher than the UK's, the average spend per head at its venues is considerably less than at British casinos. This, in turn, is influenced by the high rollers who frequent London's 23 casinos, many of whom are guests from Asia, commanding significant personal fortunes. Their input also distorts statistics somewhat within the UK. In 1999, the average spend per visit to UK casinos as a whole stood at £40, but the three quarters of all visits that

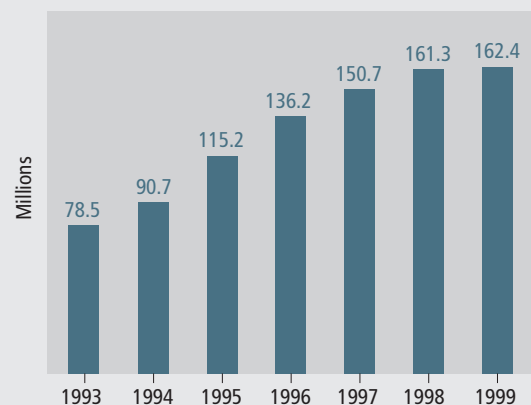
UK and US casino industries (1999)

	UK	US
Licensed casinos	123	470
Gross revenue of gaming industry	£7.35 billion	£15.1 billion
Industry jobs (direct)	170,000	360,000
Annual visits	11.2 million	162.4 million

Sources: Gambling Review Report, AGA Survey of Casino Entertainment, 2000



Trends in visits to commercial casinos in the US



Source: AGA Survey of Casino Entertainment, 2000

occurred outside London produced an average net spend of £21.

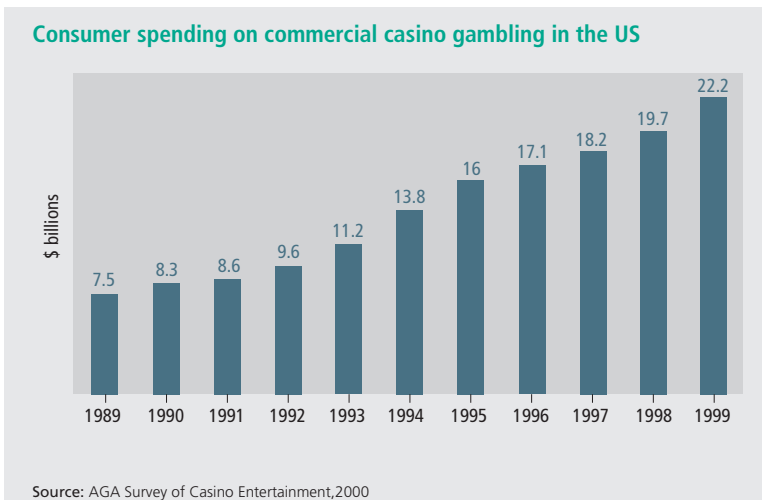
As in the UK, there is a clear market leader in the US. Nevada, with its 238 casinos, generated \$635 million of direct casino revenues in 1999, compared with the \$425 million generated by its nearest rival, Indiana. In terms of its place in the wider world of commercial leisure, figures from the US show that while casino gambling is dwarfed by restaurant dining, it generates more revenue than home video rental and coffee vending. These are already major scalps, and others are in sight.

A brief glance at recent statistics reveals a radical increase in visits to US casinos during the past decade. In 1999, visitation reached a new high of 162.4 million, up from 78.5 million in 1993. Despite tailing off in the last couple of years, attendances are expected to rise further in the coming decades. UK casinos, meanwhile, attracted just 11.2 million visits in 1999, making the difference between their own turnover and those in the US even more remarkable. On this basis, it appears that even if visits were to rise just slightly, and there is no reason to believe that this will not happen if Sir Alan Budd's recommendations are implemented, the immediate outlook for the British casino industry - and for the destinations that host casino development - is bright.

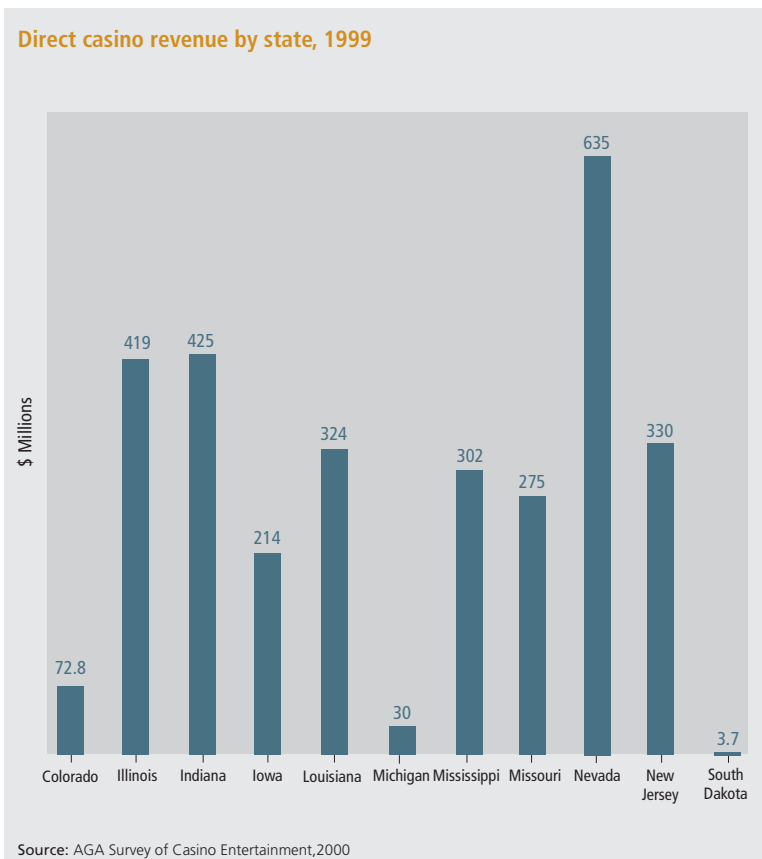
Attitudes

The Gambling Review Body's report to the British Government states that 'much of the legislation in the UK reflects an attitude that gambling is, at best, something to be tolerated and contained, rather than allowed to be encouraged'. This wary attitude to gambling is borne out by the fact 50 per cent of all British adults have never been to a casino and say that they never will go. If British casinos are to capitalise on the proposed changes to legislation, the battle for social acceptability must be won more convincingly over time.

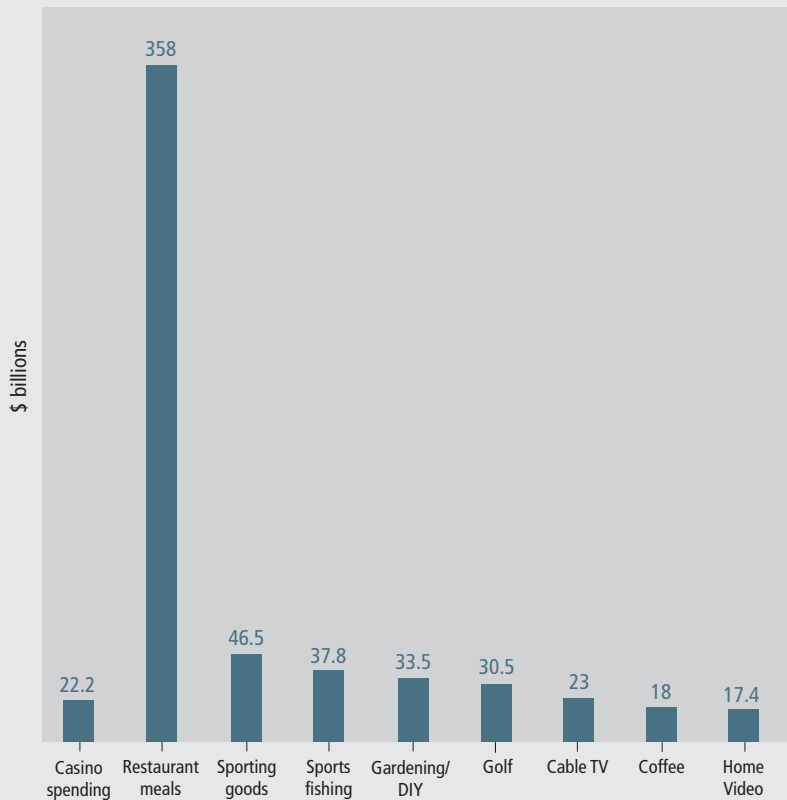
In the US, meanwhile, a much more relaxed attitude to casino gambling prevails, across the full range of social groups. It has been established that 74.6% of Americans believe casino gambling to be a fun night out, and 30 per cent of US households gamble at casinos, making an average of 5.4 trips during year. Looking beyond personal preference, the most important attitudinal findings amongst Americans concern their



British punters are fewer in number, but spend far more per head than their American counterparts



Commercial casino gaming in the US versus other leisure activities



Source: AGA Survey of Casino Entertainment, 2000

While all other commercial leisure activities in the US are dwarfed by restaurant dining, casinos account for more spend than home video



views on the wider role that casinos can play within the community. Key among these are:

- 68.3 per cent of the American population believe that casino gambling, within reasonable limits, is a good way for cities and states to generate revenue without having to raise everyone's taxes;
- 71.1 per cent believe that casinos bring widespread economic benefits to other industries and businesses within a region;

- 71.9 per cent believe that a casino can be an important part of a community's entertainment and tourism options.

The key reason for such positive scores is the higher public profile commanded by casinos in the US. Other than the fact that they are among the nation's most notable venues for major shows and sporting events, casinos have placed themselves in the national consciousness by actively reminding the public of their economic contribution. As well as bringing direct employment to more

than 355,000 Americans, the industry claims responsibility for generating an additional 500,000 jobs. It also contributes more than \$3 billion (£2.04 billion) in gaming tax revenues to the states and cities in which casinos operate. Hardly surprising, then, that casinos are viewed so favourably by the American public. Might this be repeated in the UK?

(All statistics relating to casino gambling in the United States come from the AGA *Survey of Casino Entertainment, 2000*).