

# TRIBAL GAMING 2001 TO 2021



When Gaming & Leisure Magazine was launched in 2001, Bill Clinton was out and George W. Bush was in, the price of gas was \$1.20 a gallon and the average annual income was \$32,922. Alicia Keys

hit, Fallin', was playing on the radio, and a few of the top movies were: Monsters, Inc., Lord of the Rings: The Fellowship of the Ring, and Legally Blonde with Reese Witherspoon in her breakout role as Elle Wood. Friends was the top rated TV show for much of that year with comedies taking 8 of the top 20 program rating spots.

In the gaming industry, an annual survey by the American Gaming Association (AGA) found that, despite significant challenges to the tourism and hospitality sectors, in 2001 casino gaming remained one of the nation's favorite pastimes. Betty Boop and Wheel of Fortune were, arguably, the most popular new slot games, poker was extremely popular, and online poker sites using "play money" were in full swing. And, not surprisingly, the debate on the ratio of table games to slots was as lively as it is today in 2011.

In tribal gaming there were 196 tribes operating 309 gaming facilities which generated 12.8 billion dollars in revenue. And besides a slight downturn between 2007 and 2008, revenue has grown each year. Fast forward to 2009, the last revenue period available from the NIGC website, and 419 tribal gaming facilities generated 26.5 billion dollars. So in the lifetime of Gaming & Leisure Magazine, the number of tribal gaming facilities grew by 36% while revenue increased 107%. Keep in mind that a vast majority of operations in California started around 2001 contributing to both the large increase in number of gaming facilities and growth in revenue. By comparison, commercial revenue grew from

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\$25.7 billion in 2001 to \$34.6 billion in 2009, an increase of 35%. So what will the shape of the gaming industry be in 2021?

The answer to that question will have a lot to do with how the industry addresses the change in the demographics of North America and the resolution of the internet gaming dilemma. What does the slot floor need to offer to bring in the next generation of customers? The ones who grew up on social gaming and who will never be satisfied with the current slot offerings! How will we implement games that let our customers play and compete in social networks of both friends and strangers? Every month 45.8 million people play Farmville and 90.6 million plays CityVille. Not all of these individuals will share their entertainment wallet with the gaming industry, but shouldn't we try to get some of those entertainment dollars? By 2021, will we have figured out how to enable our guests to play their favorite game both at home and in the casino? What are the new business models that we should start to develop now? Is it similar to poker where you take a percentage of the pot, will we charge a usage fee to play a game like Farmville with a new technology that offers a 3-dimensional experience and is too expensive to purchase for the home?

And to give credit where its due, the game themes have grown, we've added dual screens with great graphics, and community games where customers can share in the excitement and sometimes even in the jackpots. However, the games, in my opinion, are still geared toward the current generation of slot customers and playing a slot machine is a solo adventure. If you want to see where the next generation is congregating at the casino check out the poker room or table games where our next generation of gamers can participate in a more interactive, social environment. How do we bring that to the slot floor? In 2021, will

our smart phone communicate with the slot machine and keep me linked into my friends and family via Facebook? Will my slot machine tweet my jackpot? Will my phone buzz or will I still need to carry a device provided by the restaurant to alert me that my table is ready? Or worse yet, will I still be standing in line for a table?

As another example, people in some countries use their cell phones like debit cards. In 2021, will I be able to use my cell phone to deposit money for gaming, check-in at your hotel, open my room-door, and pay for my meal? Will this device allow my host to find me on the casino floor without making a phone call or texting “where are you?”

In my opinion, the last ten years have been a period where the technology side of the industry has started to gain momentum. Real technology versus the cool stuff that would be absent from our vocabulary within 6 months of first hearing the new acronym that some IT geek decided sounded cool. In commercial gaming there was notable buzz around server based gaming, also referred to as central determination or downloadable technology? As evidenced by the 2005 Global Gaming Expo and each expo since then, all the major slot manufacturers were exhibiting slot machines using some form of server based gaming. And would you like to guess who brought this industry changing technology to commercial gaming? None other than tribal gaming organizations who had implemented this technology in the early to mid 90’s. Finally there was real technology being proposed for the gaming floor and, for the first time, IT had a major role on the slot floor. Alas, the industry and many vendors are still trying to figure out the real value proposition for server based gaming, but I am sure we will get there by 2021.

Another industry defining technology brought to you by tribal organizations came in the form of ticket in / ticket out which, comparatively speaking, was rather quickly adopted by the industry. And, similar to the adoption of bill validators in the 90’s, ticket in / ticket out had a huge positive impact on both customers and operators. Operators saw the benefit of getting rid of coin for a myriad of reasons, including the reduction of negative customer service issues related to game play interruptions for fills and jams, the elimination of scheduled coin drop from the floor, the elimination of the hard count room, the removal of wet naps and slot cups on the slot floor and the



reduction of workers compensation claims around coin. And although you may still hear a few complaints from customers who prefer the clink of the coin in the tray, the majority of customers embraced the change.

Bottom line is, although as an industry we have made some progress, there is much to be done. So what tribal organization is going to step up to the plate and hit the next homerun for the industry?

In 2021, Barack Obama will be out, Justin Bieber will be an old man at 27, and Friends’ will probably still be shown as re-runs. I hope that the articles in G&L Magazine in 2021 demonstrate that we have embraced the social aspects of gaming, and boast how we let our customers easily move their virtual assets, real money, and marketing offers across a blurred line between “internet gaming” and casino gambling. My clarion call is that we look beyond the threat of internet gambling and embrace a world where our customers sit in our facility to play progressive Mafia Wars

with friends and strangers around the globe, and pay us hard cash for their enhanced virtual experience. And now I have to get back to my Farm before I lose another crop. Anyone care to speculate on the price of a gallon of gas in 2021?

And happy anniversary G&L! I, along with many others, am looking forward to your next ten years!

*Susan Kesel has spent the past 20 years in the gaming industry working across mainstream and tribal gaming. An Alumnus of the Board of Advisors for TribalNet and for Gaming & Leisure Magazine, Susan is an innovative and open-minded business technologist. Susan was instrumental in the development and implementation of Turning Stone Resort and Casino's patented Account Based Wagering System. She is currently the interim CEO for Harvest Trends, Inc. offering bosted business intelligence.*

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