

Build It and They Will Come, or Will They?

Should a Racino be a Resort?

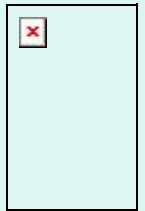
Steven M. Rittvo

Chairman

The Innovation Group of Companies



Innovation Capital
Investment Bankers



What Exactly are Racino Goers Looking For?

- Nationally representative study
 - *Portrait of American Gamblers*
 - Survey of 2,500 active casino gamblers
 - Gaming and leisure attitudes and behaviors
 - The Innovation Group, in association with Yesawich, Pepperdine, Brown, and Russell



Who Are They?

- Casino gamers and Racino gamers are much alike
 - Similar demographics
 - Similar likes and preferences
 - Gaming
 - Hotels and Resorts
 - F&B
 - Leisure time
 - Only small nuances differentiate the two groups

Demographics: Casino v. Racino Gamers

	Casino Gamers	Racino Gamers
Gender		
Female	57%	57%
Male	43%	43%
Annual Household Income		
Under \$50k	38%	27%
Over \$50k	62%	73%



What Do They Want?

Racino and casino gamers want the same things

- A resort-like atmosphere is slightly more important to Racino gamers than to Casino gamers

Important/Extremely Important Attributes by Gamer		
	Racino Gamers	Land Based Casino Gamers
High Quality Hotel	61.3%	61.9%
Shopping/Retail	32.9%	31.3%
Spa	32.6%	32.5%
Nightlife/Live Ent	45.5%	47.9%
Golf Course	17.2%	13.4%
Resort-Like Atmosphere	55.9%	54.4%



Give Them What They Want

- Casino gamers want hotels, amenities, full-scale resorts
 - Casinos have responded with large scale expansions and new developments
- Racino gamers want the same
 - Racinos need to respond likewise



Racinos Leading the Way

- Mountaineer Racetrack and Gaming Resort (*West Virginia*)
- Dover Downs Hotel and Casino (*Delaware*)
- Charles Town Races (*West Virginia*)
- Woodbine (*Toronto, Ontario*)

- Those that have opened, are growing and expanding



What Are They Looking For?

- Most important attributes to racino gamers
 - Top 5 have to do with how lucky they feel in the casino, service in the casino, and safety of facility
 - Hotel Room Rate – ranks 7th
 - High Quality Hotel Room – ranks in top 15



Looking For: Regional Differences

High Quality Hotel Accommodations are most important to racino gamers in

- E. South Central
- South Atlantic
- W. South Central
- Mid Atlantic

Importance by Region: High Quality Hotel Accommodations		
	Not at All Important/ Ambivalent	Important/ Extremely Important
New England	33.3%	50.0%
Mid Atlantic	10.7%	78.6%
E. North Central	15.8%	47.4%
W. North Central	55.5%	22.2%
South Atlantic		81.8%
E. South Central		100.0%
W. South Central	13.3%	80.0%
Mountain	30.0%	40.0%
Pacific	21.4%	50.0%
Mid South	16.7%	66.7%



Looking For: Regional Differences

Resort-like Atmosphere is most important to racino gamers in

- E. South Central
- New England
- South Atlantic
- Mid Atlantic
 - New resorts opening

Importance by Region: Resort-Like Atmosphere

	Not at All Important/ Ambivalent	Important/ Extremely Important
New England	27.8%	72.2%
Mid Atlantic	35.7%	64.3%
E. North Central	59.5%	40.5%
W. North Central	63.7%	36.4%
South Atlantic	33.3%	66.7%
E. South Central		100.0%
W. South Central	45.7%	54.3%
Mountain	46.7%	53.3%
Pacific	45.2%	54.8%
Mid South	47.4%	52.6%



Racino Goers' Interests

- Racino gamers would like to see more resort-like amenities

Amenities Attractive to Racino Gamers

Amenity	% Find Attractive
Waterpark	40.6%
Amusement park	37.5%
Movie theater/IMAX	37.0%
Outdoor activities (hiking, camping, etc.)	35.9%
Horse back riding	30.7%
Hunting/fishing	30.7%
Sports facilities/playing fields	25.5%
Roller skating/skate board park	13.5%



Racino Goers' Interest in F&B

- Racino gamers eat out slightly less than local casino gamers
- 51% of racino patrons would be more likely to return for a special F & B offer
- Most Appealing Restaurant Types (top ranked)
 - Italian
 - 47% chose as favorite
 - Chinese
 - 20% chose as favorite
 - Mexican
 - American
 - Japanese



Spending on F&B

- Racino gamers currently spend an average of \$36 on F&B per visit
- Resort gamers currently spend an average of \$82 on F&B per visit
- Opportunity for growth exists

Gaming Type	Mean Spend
Resort	\$82
Locals	\$49
Racino	\$36



Racino Goers' Means

- Over 67% of racino gamers have incomes over \$50,000

Racino Gamers: Average Household Incomes

Region	Under \$50k	Over \$50k
New England	19%	81%
Middle Atlantic	36%	64%
East North Central	37%	63%
West North Central	33%	67%
South Atlantic	33%	67%
East South Central	60%	40%
West South Central	31%	69%
Mountain	62%	38%
Pacific	20%	80%
Mid-South	26%	74%
Total	33%	67%



Racino Goers' Interests

- Top activities by racino gamers are dining out, traveling, and shopping

Racino Gamer Activities: Do Frequently/Very Frequently

Activity	% Response
Dine out in restaurants	47.4%
Go shopping	38.7%
Travel	44.9%
Go to a spa	5.0%



Racino Goers' Interests

- Table games or slots?
 - Racino gamers are much like casino gamers

Prefer Slots or Table Games

	Slots	Tables	Like Equally Well
Racino Gamers	65.5%	26.0%	8.4%
Land Based Casino Gamers	65.2%	29.0%	5.8%



Summary

- What markets are most ready for racino resorts?
 - E. South Central
 - New England
 - South Atlantic
 - Mid Atlantic
- What do racino goers want?
 - More resort-like amenities
 - They want their racinos to be more like land based casino resorts



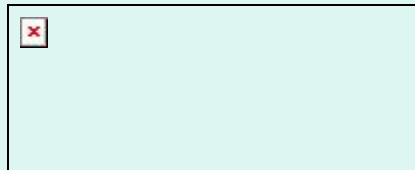
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