

At Valley Forge casino, a big jump in slot, table game revenue

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The Valley Forge Casino Resort - Pennsylvania's smallest gaming hall - had a problem: Would-be gamblers weren't making it to the slot machines and table games.

"In the beginning, there was a lot of confusion over the \$10 spend," said casino president and chief executive officer Mike Bowman. "Gamers just want to keep things simple."

As one of two licensed Category 3 casino resorts in Pennsylvania, patrons at Valley Forge have to spend at least \$10 at the property before being allowed to gamble. The spending can come at its seven restaurants, two bars, two hotels, and nightclub, or by attending a convention or banquet there. Or gamblers can hold a membership to gain entrance to the gaming floor.

"About 65 percent of those we surveyed in the beginning said they were confused by the memberships and overall access to the casino," Bowman said.

So management changed marketing agencies, streamlined the packages, and in February introduced a "passport" card - a combined membership/player's card.

It also stationed employees at the entrance to the casino, changed the signs, and clarified the rules on its website.

The moves are paying off for the 15-month-old operation. Valley Forge's revenue from slot machines and table games in May increased nearly 43 percent to \$8.7 million, compared with

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May 2012. It was the largest year-over-year increase among the state's 11 casinos.

Valley Forge should be a model for the Lady Luck Casino at Nemacolin Woodlands Resort in Fayette County, which debuts Monday. It is the state's 12th casino and the other Category 3 operation with a \$10 spend requirement.

Last week, Bowman gave a tour of Valley Forge. It has two hotels: a Radisson and one called the Casino Tower, with a total 485 rooms.

The Sands in Bethlehem is the only other Pennsylvania casino that added a hotel. Mohegan Sun at Pocono Downs will open one later this year. Valley Forge's immediate competitors - SugarHouse, Harrah's Philadelphia, and Parx - don't have hotels.

Sands president Bob DeSalvio said opening a 302-room hotel two summers ago helped increase total casino revenue and attract table-game customers. The Sands was ranked No. 1 in table-games revenue in May, and second behind Parx in slots revenue.

"Having a hotel helps create synergies to capture overnight visitation," said analyst Andrew Zarnett, of Deutsche Bank AG. With Valley Forge, "they really have their own geography . . . and don't have to compete head-to-head with other casinos."

Valley Forge has 600 slots and 50 table games, the maximum allowed. It does not offer poker, just blackjack, craps, roulette, and minibaccarat, and has monthly blackjack tournaments.

"For being the smaller guy, we're forced to compete harder," Bowman said. "We're much better off than we were last year, but we're still looking to increase volume and gaming revenues."

Weddings and social events are up 25 percent from a year ago.

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The casino has beefed up its hotel packages and expanded entertainment events to include Cage Fury MMA fighting, boxing cards at what used to be called the Valley Forge Convention Center, and live comedy. It has 1,000 employees.

Zarnett, the casino analyst, said Valley Forge "appeals to a customer that's within a certain driving distance and is able to capture day-trippers, overnight customers, and even convention-goers."

"It's close. They treat you the same whether you're a penny slot player or a \$25 table-game player," said Marion McKeeman, 75, of East Norriton, as she gambled Thursday at a quarter slot machine.

Bowman said the second full year of operation would concentrate on increasing revenue.

"We were the guinea pig. We were the first of its type in the country [with the \$10 minimum spend]," he said. "But the concept is beginning to catch on, and we're certainly optimistic."

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