



Race Track Industry Program

**33rd ANNUAL
SYMPOSIUM ON RACING & GAMING**

WEDNESDAY, DECEMBER 6, 2006

MARKETING TO ETHNIC PLAYERS AT RACINOS

Moderator/Speaker:

Stephen J. Szapor, Jr., President, The Innovation Group

Speakers:

Stephen J. Wolf, Senior Director of Racing Operations, Pompano Park Racing

MS. WENDY DAVIS: Welcome. We appreciate all of our sponsor support. We certainly could not bring all this to you without them.

Also, one other thing I want to remind you of. This panel session has been sponsored by Prairie Meadows Racetrack and Casino. And, also, even though we don't have any panel sessions this afternoon, we left the afternoon open for satellite meetings and other events. Maybe you can hit the golf course, or enjoy some of our good weather.

We do have an evening reception in the exhibit area. It will be the last chance to go through, in the evening, to go through and see the exhibits. Exhibits will be open tomorrow morning until noon. If you haven't gotten to the exhibit area, please do.

I would like to turn this morning, the first panel of this morning over to Stephen Szapor, president and CEO of The Innovation Group. The Innovation Group has been the organization that helped us put the racino panels together. We certainly appreciate your help. And we'll turn it over and let you take it from here. Thanks so much.

MR. STEPHEN SZAPOR: Thank you and good morning. Our panel today consists of just myself and Steven Wolf from Pompano Park. I think what we're going to cover today is a little bit about marketing to ethnic players in the racino business.

As you all know, the population in the U.S. is changing dramatically and will continue to do so over the next few decades. And understanding those changes and needs and preferences and habits of those folks as potential customers is important.

I'm going to start a little bit and talk about generically what's going on in the U.S. and in certain regions of the U.S. as it relates to population changes, talk about a little of the research we've done on racino customers and gaming customers, and Steve will go on and talk a little more on a practical basis about some of the things they are doing as they are getting geared up to open up Pompano.

Ready? Good. Here we go.

This is just a chart showing the current breakdown of the U.S. population by city in the year 2005. The White population still comprises about 67 percent of the population, Hispanic about 14 percent, African-American 12, and Asian about four percent. But what's interesting is, if we take a look at what's going to occur between 2005 and 2025 in our country, taking a look at the White population alone, about 67 percent of the population today. By 2025 it's going to be down to 56 percent, so barely a majority in our country. The real increases are going to be in the Hispanic population, which is going to double from about 40 million to 80 million. And the Asian population, which is also expected to double, from approximately 11.9 million to over 22 million. African-American population is still going to grow but remain relatively stagnant in terms of its percent in the population. A pretty significant shift in terms of the population. The White populations still a majority, but barely a majority by that time.

This is a chart showing three broad ethnic population segments, Hispanic, African-American and Asian, during that time period. A couple of things to point out.

In 2000, Hispanic population became the largest minority group in the U.S., edging out the African-American population. 2000 to 2025 we talked about the Asian and Hispanic market doubling in time. At that time so the Hispanic population, very important consideration going forward in a lot of our thought processes and marketing efforts.

When we take a look at the Hispanic population by state it's more compelling. Obviously, places here in the Southwest, such as New Mexico, California, Arizona, have significant portions of their population that are, or will be — up from where we have racetrack and casino operation the Hispanic population comprises about a fifth of the population there already and continues to grow. And not only the West but some of the eastern states. What's interesting, when we take a look at the Hispanic population in an age distribution.

We know that today that the U.S. mean average age is about 35, which is the highest in our nation's history. We talk about the Baby Boomers and how they have been such a large segment of our population and changed the way buying habits have occurred as they move through their age growth. The one chart on the right shows age distribution. You can see there's a significant population in 45 to 49 and even 60 to 64 year age bracket. While the Hispanic is much different. Almost looks like an inverted pyramid. Their mean age is much younger, which

means over the next 10 years a significant portion of their population will be moving into the real money-earning years and buying years.

When we take a look at buying power, obviously, discretionary income and the ability to go out and spend dollars on entertainment is important. From the year 2000, 2010, these are the data points. The White population, buying power increases 61 percent. Again, take a look at the Hispanic and Asian market. They will grow by over 100 percent, representing significant buying power opportunity in the country.

Back in 2004 The Innovation Group and Pepperdine did a nationwide survey on American gaming called "Portrait of American Gamers." It was a — we studied in-depth across the country the habits, preferences, and intentions of casino gamers; and we had a large enough population of 2,500 respondents they were able to segment the information into broader categories. We went back and took a look at how some of these ethnic populations differ or are the same with the average gamer, the average person that goes to a racino.

In the country — and I've got to show you a little bit of that right now, just some notable differences. In general, the notable differences mirror gamers overall, although with distinct differences.

Ethnic populations tend to have slightly lower budgets. On the flip side, they tend to frequent casinos more often, especially locals-oriented casinos. Interesting. They prefer brand-name restaurants over the general gaming population, and tend to be more motivated by entertainment concerts, especially ones that oriented towards their backgrounds and ethnicity. From a food perspective, they tend to be motivated by the presence of a buffet over other food and beverage concepts.

This is a chart showing the broad categories. I told you that some of the African-American segment and Hispanic segment tend to frequent casinos more often but don't spend as much when they go, and they tend to be motivated by the importance of player's club and loyalty programs and things of that nature. And, finally, their interest in playing video slot machines is higher than the average gamer population.

So what is the change in the ethnic mix that we talked about here impact marketing efforts racinos going forward? I think the first thing you need to do is try to really quantify the specific opportunities in your market. Data shows certain states around the country have more concentration of ethnic mix, so you really need to understand your market and what pertains to your specific situation. And you need to better understand the preferences and habits and motivations of these segments. Conducting focus groups or surveys.

In our experience in doing that, and we have done focus groups with over 100 ethnic groups over the last couple years, we found interesting things to keep in mind. When you do your research, if it's in a focus group environment, for example, mixing genders in certain cultures is inappropriate, we found out in the

Asian groups in particular they are not comfortable being grouped with other sexes.

Age is important. You have to respect age and try not to mix older generations with younger generations and even segmenting. There are significant differences that we know that exist among divisions within one race or another. In Chinese, mixing Mandarin and Cantonese with Latinos or a variety of different segments and mixing them in a focus group environment can be difficult. Or even when you do your surveys, be conscious of the responses from one group to the other.

This is a chart showing the U.S. population, Hispanic segmentation by country of origin, Mexican still significantly the largest, but there are other segments that are significant. And then when you get to Asian segmentation it's more fragmented. Keeping it in mind to understand what your Asian community is about within your local market.

In terms of the impact on marketing efforts, some of the things we talked to our clients about, taking a look at these opportunities and responding and putting marketing programs in place to meet. One is bilingual hosts or customer service reps. That's becoming more and more important.

From a print advertising perspective, consider local ethnic newspapers. There are a variety of neighborhood-related or local-oriented newspapers that can reach your customer base on a more targeted basis. Consider events or concerts that target specific groups. We have a number of clients that take certain times of the year, traditionally not peak periods, and do marketing or events around certain ethnic groups. I think you have to be sensitive about balancing it against your core customer.

Lastly, database segmentation. These are groups that want to be spoken to, not necessarily in their own language, but your letters and your photos and the content you send out to them should be set up and specialized to the message you want to send to that community. And database marketing efforts, you can do that as part of your overall database marketing program. Certain of these groups have different motivations. When you send out the database piece, customize it to the segments you want to talk to and the things that motivate them.

And, finally, you know, in terms of specifically Hispanic population, you can see a lot of retail and consumer groups out there are changing their marketing tactics and emphasizing the Hispanic market.

The best example, during the Super Bowl when Toyota did their commercials for the hybrid vehicle and they actually did it in a combination of Spanish and English. And it was very, very effective for them. And I think we're going to see a lot more of that on the consumer products side of the business in our country, and I think it's going to spill into gaming and racino advertising and marketing in the future.

At this point in time I'll turn it over to Steven Wolf, my fellow on the panel today. Steve is senior director of racing at Pompano Park. He's been in the marketing and publicity side of the racing and gaming business for over 30 years. And I think he's going to tell you a little about what that specific property is doing as they get ready to open in the next few months.

MR. STEVEN WOLF: Thank you, Stephen. And good morning everyone.

Pompano Park was purchased about 10 years ago by the Isle of Capri, and we're going to become shortly their first racino property. Currently, the Isle of Capri has 12 riverboats and land-based casinos throughout North America and several more projects on the way.

A little bit about Pompano Park. We first opened in 1964. And we were known specifically through the 1980s and '90s as the winter capital of harness racing. We have live racing 11 months of the year. We have 21 poker tables on live race nights. For those of you interested we have — it's one, two dollar limit on poker, which is a lot better than when we first started, only 50 cents and 25 cents a hand. We're open for simulcasting seven days a week, and we are the only harness racing and nighttime horse racing in all of Florida. But that's going to somewhat change in all for the better in ensuing months.

We became probably a new name, The Isle Pompano Park. Opening February of 2007, we're in the process of building a 150,000-square-foot racino, 1,500 Class III slot machines, a poker room with 30-plus poker tables. We're going to spend a lot of money on technology. Our simulcasting room upstairs, which will hold two to three hundred people, will be state-of-the-art. We're going to have slot-enhanced purses, which will help our racing product, and make one of the strongest efforts ever in the racino business being able to blend slots with racing.

A lot of people realize the average racetrack-goer will play slot machines and, if it's a predominately male audience, play the races. They are going to have wives or significant others interested in the slots. We're going to try to reverse it and work diligently at it. We feel if we can make the racing exciting and present it right to the people at the slot machines, we have a shot of turning them into horseplayers.

At Pompano Park over the years we've been able to do a lot of different events. Marketing events, and a lot of those will be able to continue once the new building is done and we have the extensive apron area open again. We have had a lot of success with some of the events, especially if you look at some of the demographics.

Number one, we have 5.5 million residents within 30 miles, 1.2 million tourists annually within 20 miles. The White population dominates at 70 percent; African-American, 20 percent; Asian two percent.

The breakdown of what Stephen talked about, the Hispanic or Latino

population, 70 percent, White population, 30.2 percent. It breaks down with the Cubans 13.5, Central and South Americans, Mexican. We have a large Bahamian or Caribbean population, which is 10 percent, which puts it at over 500,000 to 600,000 people in our area.

One of the big events we cultured is working with the community through the past year. We hosted the Broward Caribbean Festival. This grew from an event on our track apron, a few bands and things, to well over 25,000 people this past year. Steel drum bands, loud Reggae, DJs, Caribbean foods, rum punch and Caribe and Red Stripe beer. And, of course, lots of pretty girls in native costumes doesn't hurt and blends in well.

I have to say, when you do events like this, I have to say our horseman colony is very cooperative. When we do events like that, in the beginning, it takes time to set it up. You don't want to totally upset your racing population, you don't want loud Reggae music or steel drum bands scaring the horses on the racetrack. And we were over time able to work out to the point where we can have the music turned down as the horses get behind the starting gate and hold it off until they are finished and then start again. And that way it helps put the emphasis on the racing, which is important. Because you know, that's what we're there for, to put on a racing product. But we also want to help the community. There's fringe benefits. You get to hang with a lot of pretty girls. I think I'm still finding glitter and this from about six months ago.

But there's other events, too, which are plain in front of your face. St. Patrick's Day, the easiest to promote. Everyone's an honorary Irishman that day. Green beer and prizes, green programs. You make it green, people appreciate it, they have some fun. This year we're going to be more enhanced in the pocket with the slot machines. We're looking at a \$25,000 green cash giveaway. And no matter what ethnic race, religion, or creed, nobody has a problem with \$25,000 in green cash.

And we've reached, also, the point where you have a major holiday like this, even if your race date — you're racing Monday, Wednesday, and Friday and St. Patrick's Day falls on a Thursday. Look at your race schedule if you want to change it. This is a popular, popular event. People are looking for places to go; and if you can offer them something a little better than a local pub or some other place, you're going to get those people to come out to you.

Cinco de Mayo. Here's the next St. Patrick's day for Mexicans. Americans have made it into a national event. Everyone becomes an honorary Mexican that day. A lot of places I've seen throughout the country, I guess, they sort of fight it. They look at it and say, it's another day. But it's not. Embrace it, because when events like this, just like St. Patrick's Day, when you have so many people that want to celebrate, go out and have a good time, and Cinco de Mayo has turned into it. Get plenty of Coronas and Cuervo tequila. Piñata breaking is fun, especially if you've had one too many Coronas or shooters. People have fun. You make it a festive event. It's something to do, something of a no-brainer, and it helps fill your

facility.

Martin Luther King, Jr. Night. This is something that we've had at Pompano Park for many years. Most MLK celebrations are daytime events. It is a Monday, it's a holiday, but you have to look to be a little different. Pompano Park, we're not allowed to race in the daytime, we can only race at night. So now Pompano Park — and since I've been there for the last seven years — hosts the only all African-American driving horse race in the world. Those of you familiar, we also on New Year's Eve host the only midnight mile race that spans two years. We need to take these two events and make something a little more for them and for us. It's like owning the nighttime event.

Martin Luther King Night, and this is what we did. We work with the city commissioners, work with the Black leaders in the community to make this event possible. Because if not, we're not going to know.

If goes back to what Stephen said about the focus groups and what you can get with it. If you go out and work with the community, you become a community leader. And in everyone's eyes it's something positive. With so much antigaming and gambling groups out there, you want to be a positive factor in your community. In fact, because of the celebration at night we are able to get Tuskegee Airmen to come and hold their event. Now not only are we filling the dining room with people on a normal basis, with the Tuskegee Airmen we're getting publicity. It's going out in the black community. People realize we're doing something positive for the community and they are going to come out and support it. This is one of the pictures here, to have all the African-American drivers in the picture. There's the city commissioner from Pompano Beach to make the presentation. It becomes a community event.

You can also have celebrities in the area. For years we had the world-renowned black golfer, Lee Elder, was part of our celebration. And for the racing community we added another feature, one of the top black trainer/drivers in the history of the sport. Lou Williams was a leading driver at Pompano in his day. And we have a Lou Williams Memorial that night and their family comes down there. And, again, we're blending the community situation and honoring those in the neighborhood and those in the past that have been with us, and it just adds to a better evening.

Now, with the new racino coming there's one unknown, untapped population in South Florida that I can't come up with a number for. Those people that love a good Jewish deli. I don't know what the population is if we're going to have it at Pompano Park.

We're going to debut Myron's Deli. It's going to be the top delicatessen in all of Florida. And some of my people are here tonight. You're going to guarantee it? It's going to be something special. We're going well over the line to make sure it's a top attraction. And as we said before, if you have the foods that people want and the restaurants, then they are going to come out and we're going to become a

destination spot where people are going to come. Whether they are going to gamble or not, we're going to feed them well.

On top of that, the next favorite food item, the top Italian restaurant. We're fortunate in hiring Lou, the top chef that developed the Borgata in Atlantic City. Before that he was with the Mirage in Las Vegas. He is now with the Isle of Capri and just opened his first restaurant in the Biloxi property. And come March, we'll be opening with a bang. Here he's a celebrity chef. We're going to get a lot of positive publicity. And the food is top-notch, and it becomes another draw to get people to the racino.

Other ethnic groups you have to consider. Especially in South Florida, we have a vast French-Canadian population, especially for the wintertime. But how will you reach them? The best way, especially with the French-Canadians, they have one of their own radio station in South Florida. And we advertise on that, and that's one of the best ways. We're fortunate that one of our guest shop ladies and a couple of other people do speak French, and so it's a nice added feature. They communicate with the people, blend with them, harmonize, and it makes it interesting. More of them want to come out.

Our Asian population is not as big, but what Stephen said is 100 percent true. If you are having something like Chinese New Year, you want to keep it within those ranks. If you have a large Vietnamese or Japanese population, you want to meet with these people. Find out what they are looking for. You want to offer them what your facility can have to make a special event. Create it, find the ethnic culture in your area, meet with them, develop it.

And that's what we did with the Broward Caribbean Carnival, and, again, it turned out from having three or four thousand people coming out to races to the point where we had to do it in stages. We had early staging events and then the big event that had nearly 25,000 people at it.

The focus groups which Steve talked about are important for the information. Cost-wise, unless you know how to do it properly yourself you are looking at \$5,000 and up. But if do it correctly, it's going to pay for itself. If you do it correctly you reap the knowledge for years to come, you're going to make the contacts with the people in those communities.

Set up your events. Instead of having one, you're having two. It grows by leaps and bounds. And, again, you need to have the positive community relationships for your casino; and it's going to make it something popular people are going to talk about.

Professional sports. It's gotten very, very big, especially for the ethnic groups, latinonfl.com, latinomlb.com, soccer, literally in any language. I want 50,000 people at my facility. I'm going to try to bring in Pele. It's a universal for the Latino people. And with Miami and everything so far away with all the other clusters of casinos in there, if I bring Pele in there they are going to play at all our

racinos, come to our facility. Sports celebrities, as everyone knows, are a big draw. You have to think out of the box.

Specialty group's count, too, as much as what you do in ethnic races. We have a very large gay community in South Florida. We want to attend their functions and network. We have a number of gay horsemen and women that compete at Pompano Park.

There was an annual event going on, a marathon bowling event for their food pantry. We had a team of our four people go down there, participate in the event. We talked with a bunch of leaders in the community about what can go on. They said, we'd like to make the pantry event even bigger. Can we do something at the racetrack? We said absolutely.

That turned into two events a year, 50 people 100 people, 200, 300 people. You come up with an event for them and they build strong ties that last. You have special events going on every year and, again, the customer service. If you show everyone a good time. They are to enjoy it, they are going to tell their people. That becomes very important.

When you think out of the box you have to realize that people, especially your customer service, if you show them a great time they are going home and tell eight people about it, talk about it at work, any other event. Show them a bad time, they are going to tell 15 or 20 people that they had a lousy time. You know, you take the choices there. It's plain to see.

Thinking out of the box again, "Motorcycle Toy Run at the Park." We've been doing it for almost 15 years now. It's now the world's largest toy run and Pompano Park is the first staging area for it. It starts at 7:00 a.m. and we're going to have 25,000 motorcycles, approximately 35,000 people, from around 7:00 to 11:00 a.m. It's taking place this Sunday.

For our new racino we're going to have a new Isle sign-up group. We're going to put it in the VIP area where the business suit executives have traded in their ties and jackets for a little bit of leather, and they are also paying \$400 a person just to be in that area. And we're going to be able to sign those people up. Again, they are the kind of people we're going to want to know about the casino, the kind of people that hit the max-play button on the slot machine.

By thinking out of the box and working with the motorcycle groups here, we have major celebrity guests that come every year. This is the list this year alone: Steven Tyler and Richie Sambora, Vanilla Ice and Hulk Hogan, Dennis Rodman and Niki Taylor.

We have great photo ops with it. Key media shoots. We have our banner up so when every motorcycle gets ready to leave, when the media is shooting, whether from the helicopter or ground shoots and live television. Pompano Park is about 17 miles from Markham Park. That's where the big event is. We close off I-

95 for two hours to allow all the bikes to go, and then there's also another Interstate 595 that leads to the park. These roads are shut down. We tell the entire community, if you need to get to the airport, get there two hours earlier. Same with our employees. Those that have to be there have to get in before 8:00 a.m., between six and seven in the morning if they are going to make the shift at noon. And our patrons know not to come, because we have warned them, until around 12:30. It takes at least two hours to move all the motorcycles out. But some of the benefits benefit of the community and photo ops is great.

Steven Tyler and one of the park minihorses. We couldn't get him to come in the backstretch to do pictures. We brought a horse to him that was on the front page of the Miami Herald two years ago. And, of course, Pompano Park is played prominently in it; and that's the kind of publicity you get, out to all different people.

That's an idea of what a sea of 25 to 40,000 motorcycles looks like. And the people are good. They are all there for one special cause, to raise money for Joe DiMaggio's Children's Hospital, to present them with 30 to 40,000 toys. It's a great event.

You look at your bottom line. At the Isle it's not only butts in the seats, we want to have the right butts, of course. Become known in the community as a leader and supporter of ethnic groups. Turn your parking lot, your track apron, your grandstand into a festival event, and your racino will have the right butts in the seats.

Again, it goes off of having cooperation, working with your horsemen, showing them a good time, and people will come. It's not to say there are not problems with this. Right across the street we have approximately 18,000 residents in two different communities. One of the Broward Caribbean Nights got a little too loud, too noisy, traffic problems and stuff. But you learn from that. You learn how to do it better. You know, you take care of it. And, importantly, you have to work on it so your regular customer base is not put out of line and upset by it.

For years we used to host the Broward County Fair, which was a major money-maker for the racetrack, but chased away a lot of our customers that didn't want to deal with the noise, the parking problems and stuff. And you have to try to blend them all together.

If you plan it right you can fill the racino, expose it to a whole new audience, if you show everyone a great time. The word will spread and it will be repeats. Having fun, providing service to the community, and good will all adds up.

And especially when you are looking at ethnic population, look at your employees, talk with them. See who you have, who can introduce you to the civic leaders in the different ethnic groups. It's very important. Your employees, they know what's going on, they are regular people. See how you can use them to promote good will and get people to come to the racino.

And you never who is going to show up. That's Dennis Rodman, who made his first bike show last year. He loved it. First he looked around and said, "This is going to be a little crazy."

And I said, Listen, Dennis. "We have poker here so later on you come back and we'll set you up."

And that got a smile on his face.

Okay.

MR. SZAPOR: Thank you, Steve. I think at this point in time we'll entertain some questions, if there are any. There's a microphone in the back to pick up everyone's questions, if anyone has questions at this point in time.

A VOICE: I have a question for Mr. Wolf. You were talking about being the bottom line, look at the bottom line. Being that the slots are not in full running order at Pompano, the only bottom line I can see would be handle on the harness races.

I was wondering how events like the biker rally and the Broward County Fair, what impact does that have on handle? And when the slots get up and running will your marketing campaign shift to gear it more towards slot players, or will there be a greater integration between slot players and horseplayers?

MR. WOLF: There's going to be a major, major push to integrate slot play with horse racing. And, yes, we saw a minor increase in handle when we held these events, but we also saw — in the casino business you don't see as much — a great profit in food and beverage.

I mean, just the drinks, the specialty foods, the set-ups there, you know, and you also — how can you put a price on exposing your facility to 5,000 new faces if you show them a good time? They tell people. I went to the racetrack, we did this, we did this. I mean, the carnival took a few years to develop to the point where we were able to use the park and have 25,000 people come there.

With the racino months away everything we can do to get exposure, to remind people it's coming. Sometimes it can be disheartening to have somebody come to the racetrack and say, we just held the job fair. I've been living in the area for years, I've never come to the races.

That's the kind of things we have to change. And the racino is going to change that, and it's going to blend over to the racing and we're going to make it happen that way.

MR. SZAPOR: Any other questions?

Okay. Thank you all for coming.

(Applause)

**Supplied by
University of Arizona
RTIP
Symposium on Racing & Gaming**