

SIDE BETS IN BLACKJACK: ALL YOU EVER WANTED TO KNOW – BUT WERE TOO AFRAID TO ASK

By Bill Zender

Up to 10 years ago, I did not believe in putting side bets on the blackjack layout. I was a casino purest and didn't believe side bets added any benefit to the basic game. But times have changed and so have my thoughts on the subject. Side bets in blackjack provide the 21st century casino executive two distinct benefits. First, when managed properly, side bets create an important additional revenue flow to the casino. Second, they add additional value to the games because side bets are a diverse wagering attraction.

As a proactive table games manager, you probably realize the importance of utilizing a side bet on your main game of 21. Now you need to decide what type of side bet would best suit your casino operation and the customers that frequent the table games. You need to have an understanding of the rules, objectives and procedures so you can provide an enjoyable gambling alternative. You need to have a grasp of the side bet's mathematical edge for the casino and how much additional revenue the investment in time and proprietary cost will produce. Finally, you need to have a guideline for determining the performance of the side bet and an understanding of the side bet's profitable life cycle so that you can gauge when it's time to shop for a new alternative.

Understanding the Profitability

Side bets have become popular primarily because customers have grown bored with the basic game of blackjack, as well as becoming attracted to alternative table games. Players are looking for a better entertainment experience. They want more "gamble" than is presently provided by blackjack alone. One question the casino executive should be asking is, "How much revenue can I realistically expect a side bet to produce?" This answer is based on several factors:

- How much bet utilization can I expect on each table?
- What is the mathematical house advantage of the side bet?
- What will the amount of the average bet be per side bet wager?

Let's establish a few assumptions:

1. What percentage of blackjack players are willing to wager on the side bet in addition to their primary wager? For this example, let's establish that 5 percent of the customers will wager on the side bet.

2. An average wager must be established per side bet wager. Again, let's assume the average bet is \$5.

Other metrics to consider are:

- The house advantage on this side bet. For this example, the H/A is 2.7 percent (Lucky Lucky option).
- The number of rounds a dealer will achieve per hour (60 rounds per hour).
- The average number of blackjack players per table (four players).
- The average number of blackjack tables open during the 24-hour period (eight open tables).

Table 1 illustrates the advantage of using a side bet in blackjack. Based on the metrics listed in the assumptions, the side bet will create approximately \$114,000 in additional revenue in blackjack. It will also increase the games' hold percentage, since a greater portion of the players' buy-in will be won by the casino. Side bets could raise the hold percentage by ½ of 1 percent or better.

Table 1

Calculating Side Bet Revenue			
Metrics		Return	
Tables Open	8	Hourly Revenue	\$12.96
Players Per Table	4	Daily Revenue	\$311.04
Utilization in %	5%	Monthly Revenue	\$9,487
Average Side Bet	\$5	Annual Revenue	\$113,841
Rounds Per Hour	60		
House Advantage	2.7%		

Things to Consider

Now that you understand the advantages of using a side bet, which one should you use? There are a number of factors you need to consider before ironing a side bet decal on your blackjack table cloth. Following is a list of factors you need to consider before deciding on a specific side bet format. The smart executive will

evaluate each of the following areas and weight each one's importance based on the need and expectation of his casino.

Customer Appeal

Find out if your blackjack customers are interested in a side bet option. This might require management to organize focus groups regarding side bets and characteristics of side bet options in which the customers are interested. Another avenue for research is asking, "What does the other guy have?" Check other regional casinos to see which side bets they offer and note the level of utilization and average amount wagered. Other casinos are always good testing grounds. This way you can see what problems occur during play, such as dealer errors and time/motion problems resulting from the side bet procedures.

Cost to Lease Rights

Not many side bets are public domain. Plan on paying a proprietary cost for the use of side bets, especially the more popular options. Be sure you understand the terms, conditions and length of obligation before signing the dotted line. It's important that you establish some possible "contractual relief" after an unsuccessful trial period and a reasonable out clause when the side bet loses its customer appeal, which all side bets will do eventually.

Utilization

It's important that you establish a benchmark for average side bet utilization by the blackjack customer. The benchmark could be based on utilization as a percentage of the customers at the table, or it could be a percentage of money wagered versus total money wagered in blackjack. Once a new side bet is placed on the tables it will gain immediate play based on the curiosity factor, but once the side bet is established as a regular blackjack option, this is when the utilization should be measured as baseline play. When utilization falls below your pre-established lower percentage or mark, it might be time to look for another, more appealing side bet option.

Average Amount Wagered

All side bet wagering structures limit the players to a specific amount that can be wagered. This is done to limit the casino's exposure during the occasional "jackpot" payoffs. In some instances, players are limited to a specific dollar amount they can wager. Other side bets allow players to wager within a bet range, usually restricted to a percentage of their original blackjack wager. Be sure to take this structure into consideration when making your decision.

Expected Return

Don't take a vendor's word on how much additional win his side bet will produce. The knowledgeable casino executive will determine the expected value of the proposed side bet before electing to enter into an agreement with the owner of the side bet. This can be accomplished by multiplying the average amount wagered by the utilization percentage and the wager's mathematical advantage (see Table 1). If the calculations don't add up to an acceptable return, don't purchase the rights to that side bet option.

Mathematical Advantage

Side bets in blackjack vary by mathematical advantage, as do the methods the side bets use to determine winners. Some side bets

have house advantages that are as low as 2-3 percent, and some are as high as 25 percent. Sometimes the higher advantages, which look inviting, are detrimental to long-term success. Customers will not contribute money in side wagers if they don't see a reasonable chance to walk away an occasional winner. Higher mathematical advantage percents need to be supported by larger top or jackpot payouts. The occasional big payout will attract players looking for that pie-in-the-sky big win. This theory is also related to the frequency in which the side bets hit or win. If the side bet with smaller payout multiples doesn't hit on regular basis, the customers will not place their blackjack dollars in the smaller betting circle. A side bet with a lower payoff, but a higher hit frequency, might be more appealing to your customers than the occasional jackpot win.

■ Don't be too quick to opt to be a beta site for a new product. Field trialing side bets may result in losses due to poor mathematic analysis, game-slowng procedures and low player acceptance rates. ■

Payout Exposure

How much is your casino willing to pay out for a single winning player? For example, the Super Sevens side bet has a maximum payout of 5,000-to-1 if the side bettor receives three suited 7's. What if the bettor is allowed to wager up to \$25? Receiving three suited 7's would give the player a \$125,000 windfall. Does upper management have the tolerance to book a \$125,000 loser?

Regulatory Approval

One more factor to consider is whether or not the side bet you are interested in using has been approved by your local regulatory authority. You may wish to decide on a side bet that is available for immediate use instead of waiting for approval from the state board or commission. Also, don't be too quick to opt to be a beta site for a new product. Field trialing side bets may result in losses due to poor mathematic analysis, game-slowng procedures and low player acceptance rates. Personally, I prefer a side bet that has been tested and approved, and shows indications of high player appeal.

Complexity and Training

Other areas to consider are the complexity of the side bet and the degree of support and training you will receive from the side bet vendor. How easy will it be for your dealers to learn the procedures? Are the winning combinations and the payoffs structured so your dealers will be able to keep errors to a minimum? Does the vendor provide the training? Will the vendor provide future training after the initial training is completed?

Side Bets for Blackjack


One of the more frequently asked questions I receive on side bets is, "Who owns the rights and where can I find them?" Following is a list of the various side bets I have witnessed in use in casinos today. There are also a number of new, approved side bet formats that are made available each year.

21 + 3

Prime Table Games LLC – (702) 562-4030

This side bet, available from Prime Table Games LLC, pays based on the player's first two cards and the dealer's up card. If the combination of those three cards equals "any pair that also makes a three-card flush" or better, the side bet wins 9-to-1 on a six-deck game. This side bet is based on the same object as the Three Card Poker game. The mathematical house advantage is 3.2 percent with


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a hit frequency of once every 10.3 hands.

The Double Deck version wins with pairs or better, pays 2.5-to-1 and has a mathematical advantage of 2.8 percent. There is another version that offers multiple payouts similar to the game of Three Card Poker. Based on the pay schedule and number of decks used, this version has a mathematical edge of approximately 4 percent.

Buster Blackjack

Bet Wizer Games LLC

This side bet wins if the dealer's hand busts. The more cards it takes to bust, the higher the payoff multiple. A three-card bust pays 2-to-1, and the highest payout, an eight-card or greater bust, pays 250-to-1. The buster concept is also known as the "Dragon Bet" in baccarat. The mathematical advantage on a six-deck game utilizing the "hit soft 17" rule is 6.2 percent with a hit frequency of once every 3.5 hands. (Note: If the house stands on all 17s, the house advantage is 8.2 percent.)

Field Gold 21

Fair Trade Gaming – (530) 542-2112

This side bet's outcome is based on the player's first two cards. For side bet purposes only, aces count as one. Two-card totals of the following are winners and pay at different multiples, starting at even money and topping out at 25-to-1: two card totals of 2, 3, 4 and 9, 10, 11, 12; and suited and unsuited blackjacks. This side bet is similar to the "field bet" in craps. The mathematical advantage for the six-deck game is 5.7 percent with a hit frequency of once every 3.1 hands.

Lucky Ladies

Galaxy Gaming Inc. – (702) 939-3255

The side bet has been in use for quite some time. It's based on the player's first two cards, or sometimes the dealer's hand. A Queen of Hearts pair held simultaneously with a dealer blackjack will win a payout of 1,000-to-1. The mathematical house edge is extremely high, depending on the number of decks and the pay schedule. The most common pay schedule for the six-deck game has an advantage of 24.7 percent with a hit frequency of approximately once every 9.4 hands.

Lucky Lucky

Gaming Network Inc. – (702) 997-6377

This side bet is based on the player's first two cards and the dealer's up card. Any three-card 19 or higher wins. Payouts range from 2-to-1 for any three cards of 19 or 20, and up to 200-to-1 for a three-card suited 777. The house advantage for the six-deck game is 2.7 percent with a high frequency of once every 4.2 hands.

Match the Dealer

Masque Publishing – (303) 290-9853

This side bet can be found on both regular blackjack and Spanish 21. This bet wins for each of the player's initial two cards that match the dealer's up card. Payoff multiples are based on the number of matching cards, suited or unsuited. The payouts range from 4-to-1 for a one-card match to 2-to-1 for a two suited card match. The mathematical house edge is 4.1 percent for six-deck blackjack, 3.7 percent for eight-deck blackjack, and approximately 3 percent for six- or eight-deck Spanish 21. The regular six-deck blackjack game has a hit frequency of once every 7 hands; Spanish 21 once every 6.5 hands.

■ Don't take a vendor's word on how much additional win his side bet will produce. ■

Pair Square/Bet the Set

Shuffle Master Inc. – (702) 897-7150

This side bet is based on the player receiving suited pairs and employs several different pay schedules. The mathematical edge changes with the number of decks and pay schedule. A common pay schedule for six decks (10-to-1 and 12-to-1) offers a "Pair Square" house advantage of 10.6 percent (3.9 percent if any pair pays 12-to-1). The high frequency for this side bet is quite low at once every 17.3 hands.

Royal Match

Shuffle Master Inc. – (702) 897-7150

This side bet wins when a player's first two cards are a suited match, which pays 2.5 to 1, or a "royal match" (suited King and Queen), which pays 25-to-1. The six-deck version offers a mathematical advantage of 6.7 percent, and the eight-deck version offers a H/A of 6.5 percent. There is also a single-deck version with a different pay schedule that offers a H/A of 3.8 percent. The six- or eight-deck game has a hit frequency of once every four hands.

Super Sevens

Essex Enterprises – (562) 595-7990

This side bet wins when the player receives 7's as his initial two cards and as the subsequent hit card. Payoffs are for unsuited and suited 7 combinations. The minimum payout is 3-to-1 for one 7 and 5,000-to-1 for three suited 7's. If the dealer blackjacks, the third card is not available. The six-deck game is subject to a mathematical edge of 12.6 percent. If the casino opts to give a player with two 7's a third card even though the dealer has turned up a blackjack, the side bet H/A is reduced to 11.4 percent. The hit frequency on the primary side bet option is approximately once every 13 hands.

Casino Surrender/Automatic Win

Casino Gaming LLC – (708) 345-9999

This is considered a play option instead of a side bet. A player may play out his two-card hand of 20 (10-10 or Ace-9) against a dealer's 10 or force the dealer to "surrender" settle for a win of 50 percent of his bet. The option may only be invoked after the dealer checks for blackjack. The mathematical house advantage is approximately 5.9 percent when holding 10-10 and 5.5 percent when holding Ace-9.



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