

CAN BETTER OCCUPANCY MANAGEMENT BOOST TABLE GAMES PROFITABILITY?

By Bill Zender and Prem Gururajan



Once a player has walked in through the door and is on your gaming floor, how long the player will play at your tables and how many hands he will play are profoundly influenced by a number of factors. Two of the factors that the casino executive can control are game availability and table occupancy. Correct management of your table spread and limit minimums is known to increase revenue by increasing the amount wagered at your live games and also allows management to accommodate specific customer segments. There is money to be found on the casino floor, and it's not that hard to come by. All the casino executive needs to do is understand the importance of table yield management regarding table spread and minimum limits, and develop a strategy that will maximize your live game profit potential.

Utilizing a practical table spread and minimum limit strategy greatly influences three factors that help increase your live games' profitability:

1. Time a player spends gambling on the table.
2. Number of hands or gaming decisions subject to each player during a specific time period.
3. The amount of money the player will buy-in while playing on the table.

If we increase the player's time on table while increasing the number of hands dealt during that time period, the casino will reap the benefits from the increase in hand decisions. All live game customers are subject to two factors that they alone control: the time they personally allocate to gamble and the amount of bankroll they are willing to place in jeopardy. By enhancing their playing experience, and by increasing the number of hands dealt during their allotted time period, the casino extends or bends this time limitation. Why leave a game that is providing the player with comfort and the "action" they desire? In addition, if the player is satisfied with his or her gambling experience, he is more likely to risk more of his bankroll. Why not venture another couple of hundred dollars if the gaming experience meets the gaming needs?

In essence, managing table spread and betting minimums can be done intelligently and successfully in order to maximize the casino's profit potential of its live games, and in addition, enhance the live game customer's gambling experience. This becomes a "win-win" situation for the casino. Why doesn't every casino executive think this way? Now let's look at some of these factors that can help with your yield management strategy, starting with table occupancy.

How Does Occupancy Affect Playtime and Hands Played?

The answer is that occupancy significantly influences the *speed of the game* (rounds per hour), customers' *level of comfort* (elbow room or privacy), and customers' *social experience* (their interaction level with other players). The fact that different customers have different natural preferences for comfort and company has profound implications on casino profitability and how the customer perceives his experience at your tables.

For example, a six deck blackjack game with two players wagering achieves 136 rounds per hour on average experienced by each player. However, with six players on the table, rounds per hour drops to 57 and the table is considerably more crowded. Some players—often higher limit players—prefer playing head-to-head with the dealer where they get to play more hands and have less interference from lower limit players. On the other hand, some players enjoy playing at busy tables enjoying the social interaction with other players. A head-to-head game that might provide a high value of hand action for a high-rolling \$100 player, might quickly burn out a \$10 player who is on a more limited budget.

How can an operator identify and make sense of these complex and interrelated preferences and adopt a table management strategy to drive profitability, while at the same time enhance the customer's gambling experience? To answer that question, we need to first analyze factors such as customers' play time and cash buy-in characteristics per customer segment, before combining them into unified guidelines for managing occupancy.

Customers Change Spending Based on Occupancy

To better understand how occupancy impacts profitability and the customer experience, let's examine real-world data gathered over a six-month period from a 60-table casino by Tangam Gaming, a gaming systems firm. They analyzed over 150,000 rated player sessions to identify different patterns among players of various betting levels. The data showed that the average occupancy level experienced by a player during his or her visit dramatically impacted both play-time and cash buy-in.

Figures 1 and 2 present statistics for \$50 and \$10 players at each average occupancy level.

Figure 1: Average time on device

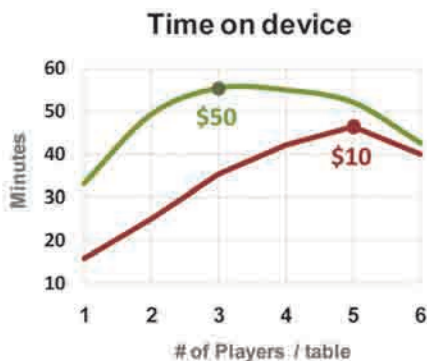


Figure 2: Average cash buy-in per visit, by table occupancy



These differences between \$50 and \$10 players' time on device and cash buy-in profoundly impact the casino's profitability and the player's experience. Going further, we can make specific observations from these figures:

\$10 Players:

- Play between 16 to 46 minutes, the longest being at five players per table.
- Total cash buy-in for the visit is between \$82 to \$104 with the most being at three players per table.
- Vary more in the duration of time played and much less in their total buy-in amount, which indicates that the \$10 players are more budget constrained—they will spend roughly the same amount regardless of how long it takes them to go through it.

\$50 Players:

- Play between 33 to 55 minutes, the longest being at three players per table.
- Total buy-in over the visit is between \$225 to \$599, the most being at two players per table.
- Vary substantially more in the total cash buy-in and less in the duration of time played, which indicates that the \$50 players are less budget constrained—they will vary their spend as per their time and occupancy preferences.

This information becomes quite handy to the knowledgeable casino operator. He can use this information to develop new table spread and minimum limit strategies that will maximize time on table and the amount of bankroll the player wishes to place in action.

For example, a \$50 player who experiences an average occupancy of four players per table over the course of his visit will spend 55 minutes playing, on average, with a total cash buy-in for that visit of just over \$400 on average. If that same \$50 player were to experience an average occupancy of only two players, he would have bought in for almost \$200 more. Contrast this with a \$10 player who has an average occupancy experience of four; she will play 42 minutes and buy-in for \$100, which is actually close to both her maximum amount of time and her maximum buy-in amount. In other words, from a profitability perspective an occupancy experience of four players is appropriate for the average \$10 player but is too high for the average \$50 player.

The conclusion is unavoidable: players from different betting levels respond to occupancy levels in different ways, and a casino that can position its table games in a way that matches these preferences will be significantly more profitable, and provide a better experience to players than a casino that does not.

How to Determine Optimal Target Occupancies

As an operator, your objective is to find—and deliver—the optimal target occupancies that balance play time and cash buy-in to match the players’ preferences at each betting level.

For example, for \$10 players, an occupancy level of five players per table offers the longest play time, but an occupancy level of three per table offers the highest cash buy-in played. Target occupancy of four players per table can be chosen as a balance of both factors. Similarly, for \$50 players, occupancy of three offers the longest play time, but occupancy of two offers a higher cash buy-in per visit. Target occupancy of two players per table can be chosen for the \$50 player.

Occupancy targets can be chosen for each betting level by applying the same type of analysis. Table 1 shows the targets for this individual property based on this casino’s player base.

Table 1: Target occupancy per table for each betting level in blackjack

Player Type	\$5	\$10	\$15	\$25	\$50	\$100
Target Occupancy	5	4	3	3	2	2

For this operator to be as profitable as possible and deliver the best experience to the player, he must ensure that these occupancy levels are achieved through managing table availability properly and changing table minimums to match player demand.

It is important to understand that targets will vary from casino to casino depending upon the player base, game type and number of tables available. Furthermore, these represent average targets for managing betting minimums, opening games and accommodating higher limit players, some of whom can have individual preferences that vary from the targets.

At this point we have observed how players change their play time and cash buy-in based on the table occupancy you offer them, and we have learned how to determine optimal occupancy targets for each betting level in order to maximize your players’ play time and cash buy-in per visit.

How does an operator put these techniques into practice and reap the benefits?

Best Practices to Improve Experience and Profitability

There are two ways to put these principles into practice: manually, using new business processes, or using a system that performs these functions automatically for you. Let’s first look at how a casino could implement custom occupancy targets manually.

To manually implement custom occupancy targets in your casino, you must:

1. Analyze your player database to determine your casino’s optimal target occupancy at each betting level.
2. Collect hourly headcounts for each betting level and graph the hourly occupancy for each betting level.
3. Regularly review and adjust your table spread and betting minimums in order to maintain the target occupancy ranges you have defined for each betting level.
4. Train your floor supervisors and shift managers to manage betting minimums based on the target occupancies. Measure their performance and provide continual feedback to ensure they are helping you achieve the target occupancy goals.

While performing this type of analysis for your player base and changing your business processes is no simple task, doing so will help improve the customer experience and your profitability. Some operators may use an analyst or project manager to implement these changes in a manual fashion.

An easier and less costly way to implement custom occupancy targets is to use a table games yield management system that helps operators maintain appropriate occupancy levels by (1) recommending their table spread based on actual occupancy data and trends, and (2) dynamically suggesting minimum changes to the floor whenever there is a sub-optimal situation. In the gaming systems field that includes such large companies as IGT and Bally, Tangam Gaming is one such vendor offering a specialized table games yield management solution.

Custom Occupancy Targets Are Worth It

What results come from managing your betting minimums and table spread based on custom occupancy targets? Case studies have shown that casinos can expect between a 3 percent and 10 percent sustainable increase in table games’ profitability. The player experience is improved as well, since the casino is consistently offering each player segment the experience that they prefer.

In a time of financial difficulties, every casino executive needs to look for methods of improving the efficiency of his or her live game operation. Developing the information and strategy needed to increase time on table and table hand decisions, and at the same time increase the players’ live game experience, is something that the knowledgeable executive cannot afford to overlook.

With results like these, it is only a matter of time before the “custom occupancy target” approach is the new gold standard of table games management.

[Note: Test your knowledge regarding table minimum limit strategies to achieve optimal customer occupancy targets at: <http://tangamsystems.com/Quiz>].



BILL ZENDER



Bill Zender is a former Nevada Gaming Control agent, casino operator, professional card counter and present gaming consultant. He has been involved in various areas of gaming and hospitality since 1976. He can be reached at wzender@billzender.com.

PREM GURURAJAN



Prem Gururajan is the CEO of Tangam Systems, a leading provider of award-winning table game management solutions for casinos. Gururajan has a Master’s Degree in business and an undergraduate degree in computer engineering, both from the University of Waterloo.