



WEEK 1

FRIDAY 2 JAN 2015

THIS WEEK

- Sands granted Macau approval
- New responsible gambling adverts
- Columnist: Dave Wentker on mobile engagement
- Tweets of the week

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TOP STORY

CAESARS ANNOUNCES RESTRUCTURE

Operating unit would be placed into bankruptcy



Caesars Entertainment CEO Gary Loveman

Caesars Entertainment has revealed a restructuring plan which includes placing its operating unit into bankruptcy. The casino firm's Caesars Entertainment Operating Co. (CEOC) subsidiary, which operates 44 casinos in 13 states, will file for Chapter 11 bankruptcy protection by 15 January, providing certain conditions are met, in a move which would reduce its debt from \$18.4bn to \$8.6bn. Following the bankruptcy, CEOC would be split into a casino operator and a property company.

The restructuring will include two separate leases. Reuters reports that the Caesars Palace Las Vegas lease includes a base rent of \$160m for the first five years, while the base rent for the other properties will be \$475m for the first three years. Following the split, the operating company will issue around \$1.7bn in new debt, with the property company issuing \$3.8bn. Caesars Palace Las Vegas will issue \$2.6bn.

Caesars Entertainment has also agreed to acquire affiliate Caesars Acquisition Co. in a stock-for-stock merger – a move designed to help pay for the company overhaul. A definitive merger agreement was announced on

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22 December, the terms of which will see Caesars Acquisition shareholders receive \$8.96 for each share of Caesars Acquisition common stock.

Earlier this week, Caesars revealed that 39% of senior bondholders had supported its restructuring plan. On 19 December the firm stated it needed the support of 60% of the holders of its first-lien secured debt by 9 Jan for a restructuring support agreement to become effective. According to Reuters, even if Caesars does generate enough backing from first-lien bondholders, junior creditors may continue to pursue ongoing lawsuits “that allege the restructuring improperly put choice assets beyond their reach for the benefit of Apollo and TPG”.

Private equity firms TPG Capital and Apollo Global Management took Caesars Entertainment private in 2008 following a leveraged buyout of around \$30bn. However the resulting debt has weighed heavily on Caesars in the years since.

Caesars Entertainment CEO Gary Loveman said: “The planned restructuring of CEOC will allow us to establish a strong and sustainable capital structure for CEOC and maximise value for our stakeholders.”

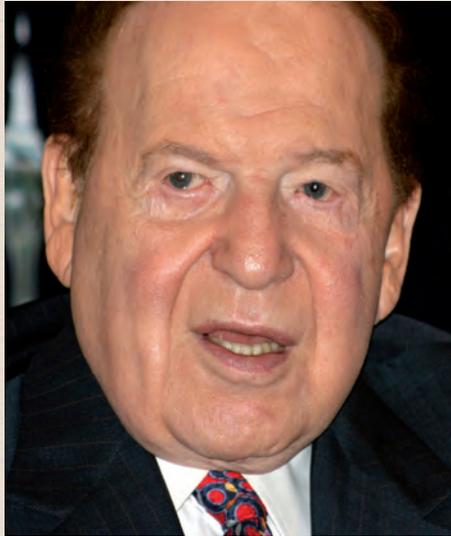
KEY POINTS

- Caesars Entertainment to restructure company in a bid to reduce debt
- CEOC operating subsidiary would be placed into bankruptcy
- Firm requires 60% bondholder support by 9 Jan

ASIA SANDS RECEIVES MACAU GREEN LIGHT

New venue set for 2016 opening

Las Vegas Sands’ Chinese subsidiary Sands China has been granted



the necessary approval from the government in Macau to progress with a \$2.7bn integrated resort project in the region. The Parisian Macao, which could fully open in 2016, is set to feature 3,000 hotel rooms, 490,000 square feet of retail space and a 50% scale replica of the Eiffel Tower. Its development will take Sands’ investment in Macau to over \$10bn, which began when it introduced the Venetian Macao in 2007, the first integrated resort to open in the city.

Las Vegas Sands CEO Sheldon Adelson [pictured] said: “From the moment we put our first shovel in the ground we have been committed to helping Macao secure its future as a centre for leisure, business and entertainment. We’ve enabled local companies and suppliers to grow their businesses and we’ve helped the government expand its tax base and diversify its economy.

“The Parisian Macao is 100% consistent with that vision and we look forward to families taking pictures in front of our Eiffel Tower in the near future.”

KEY POINTS

- Las Vegas Sands gains approval for new Macau casino
- Parisian Macao could open in 2016

UK NEW RESPONSIBLE GAMBLING ADVERTS LAUNCHED

Senet Group seeking to raise awareness of risks

Members of UK self-regulatory body the Senet Group have introduced betting adverts carrying prominent new responsible gambling messages. As of 1 January, TV, online and in-shop ads from William Hill, Ladbrokes, Coral and Paddy Power will carry the message of: “When the Fun Stops, Stop”.

The firms say the new adverts will “raise awareness of the potential risks of gambling and the benefits of staying in control”, describing them as the “most visible warning yet to be carried by the industry”.

Later in January, the Senet Group will be launching a broader campaign to promote responsible gambling, including a major TV and radio advertising campaign.

KEY POINTS

- Senet Group members introduce new responsible gambling adverts



Tweets of the week

“Little point in “responsible gambling” ads saying gambling should be a bit of fun when it’s constantly marketed as a means of making money” Stop the FOBTs spokesperson Matt Zarb-Cousin [@mattzarb]

“Nobody sells a casino like Steve Wynn. Waxing poetic over a coffee shop is a blend of passion & shtick. Best salesman in the gaming industry” Pechanga.net owner Victor Rocha [@VictorRocha1]

“A LinkedIn request on Xmas day? Oh dear” Ex-Google head of e-gaming Fintan Costello [@FintanCostello]

GUEST COLUMNIST

“CASINO MARKETING THAT MOVES PATRONS”


by **Dave Wentker**
Mobile marketing
platform CEO

“Today’s casino patrons typically walk through the door accompanied by three things: high hopes for an entertaining experience, a desire to win, and a smartphone. The first two tend to be universal sentiments that do not change over time, but the smartphone? It is emerging as a game-changer in the land-based casino environment.

In addition to its role as a visitor’s always-on, always-near communication device, the smartphone is also the ideal platform for in-location engagement opportunities. What’s unique about smartphones is that they accompany patrons throughout the venue, presenting opportunities to deliver entirely new dimensions of the casino resort experience. An evolution of the loyalty card and loyalty coupon machine, the smartphone delivers new interactive marketing, incentives and gamification offers that entice recipients to explore the casino, stay longer and spend more.

New technology

The most exciting mobile engagement technologies are Near Field Communication (NFC) and Bluetooth Smart beacons. To take full advantage of these technologies, casinos need to integrate them into their mobile applications and deploy associated engagement technologies on-site. Installation and operation can be extremely

cost-effective and provide much greater opportunities to reach casino customers beyond the casino floor, including in resort hallways, elevator lobbies, bar and restaurant areas – even in hotel rooms.

Retailers have already started deploying beacons to engage customers’ phones passively via pop-up advertising applications that are triggered when a phone comes within range of a beacon. NFC, for example, is designed to trigger an active experience when a customer holds a phone within 10cm of a target NFC device, while Apple Pay relies on NFC to trigger payment when a customer places an iPhone 6 within 10cm or less of a supporting payment terminal.

Let customers decide

Just as gaming machines beckon customers, mobile engagement can also be driven by visibly branded icons placed strategically throughout the casino. These icons serve as physical calls-to-action for engagement opportunities that await – and all a customer has to do is pull out the phone to start the experience. Customers signal their ‘yes’ with a simple swipe of the smartphone across the icon, and that ‘yes’ can be the first of many as they use the phone as a roadmap into and around the casino environment to discover additional engagement opportunities.

With visible technology, customers learn how simple and rewarding it is to engage, and that leads them to engage over and over again. And with repeat engagements comes a wealth of new customer data.

Data Data Data

These new mobile technologies generate powerful, rich customer data that further informs marketers about which guests are most engaged, what they do, how frequently they engage, and which

messages produce the best results. Mobile data can augment existing customer profiles with engagement data that casinos already have from traditional gaming and loyalty card systems.

The most successful initiatives result from the integration of new data and existing customer intelligence: mobile data, CRM data, loyalty data and third-party data will continue to provide the foundation for targeted incentives that are personalised, relevant, timely and satisfying enough to warrant redemption or follow-through.

The time is now

Done well, mobile engagement is a powerful new tool in the fight for customer attention, loyalty and revenue. Mobile engagement is particularly important to an overall marketing and advertising strategy if that strategy targets younger customers. Today’s Millennials are especially attached to their phones and expect they can use them for any and all services. With nearly 80% of people in the developed world already carrying smartphones, customers arrive on the casino floor ready to engage. It’s up to casinos to respond.”

Dave Wentker is CEO of Tapcentive, creators of an in-location mobile marketing platform and Touchpoint icon technology that enables clients to deliver targeted incentives to their customers

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OUT NOW: Look out for the November/December issue of Gambling Insider’s print magazine, featuring a Consolidation & Convergence Special as we assess how the industry landscape has changed following some major merger and acquisition deals involving big-name suppliers



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