

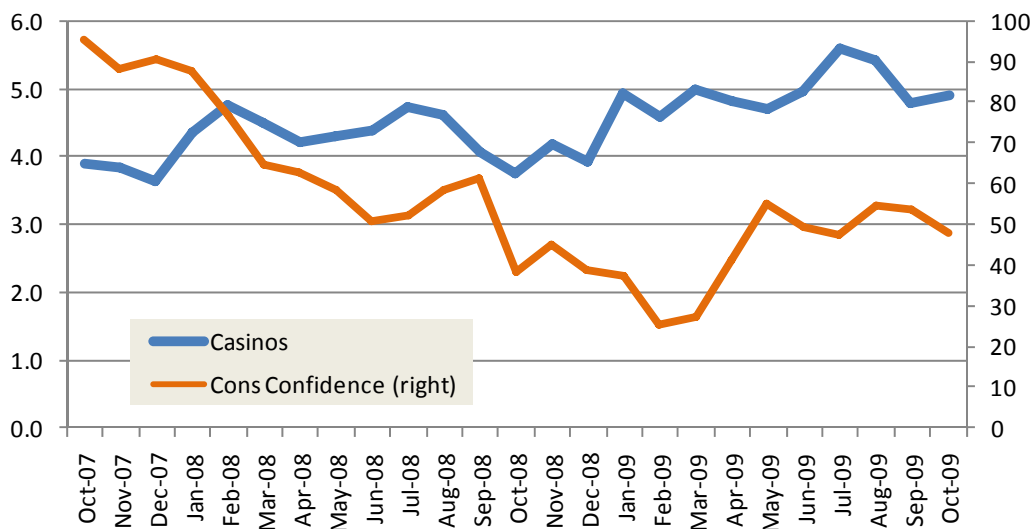
**Compete, Inc. Original Research:**  
**Casinos Need to Continue the Digital Evolution**

Casinos, like many travel industries, have struggled during the recession. To help gauge the impact, Compete analyzed traffic to its “Casinos” industry category. Category traffic represents unique traffic across all sites in the category (over 100 in this case), meaning a person that visits more than one category site in a month is counted only once in that month’s category total.



Overall, the story is not too bad. The category lost traffic in Q4 2008, which was the trough of the recession based on most economic indicators. Consumer Confidence\* (a trailing indicator) hit its low in early 2009 and has gradually started to recover. Casino traffic has gradually come back as well, and was up nearly 1M unique visitors year-over-year in October 2009. The category’s gains like other facets of the travel industry—including hotels—may be the result of increased use of loyalty programs and promotions.

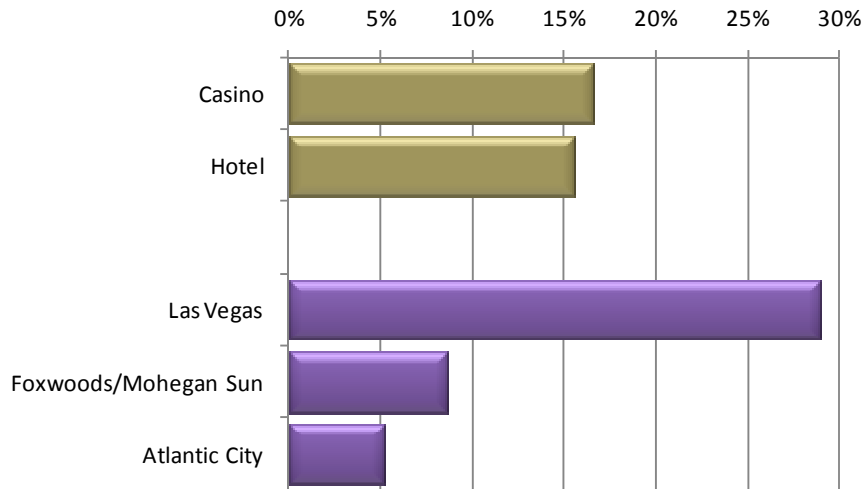
**Unique Visitors to Sites in the Compete Casinos Category & Consumer Confidence\***



In fact, several casinos have been focusing on their hotel properties as the primary draw (less of “come for the gambling and we also have a great hotel” and more of “we offer a great place to stay that also has a casino”). To gauge the impact of that adjustment, Compete assessed search referral activity from the leading search engines to sites in the Casinos category. Las Vegas is still the halo location as more searches contained “Las Vegas” than any other term or set of terms.

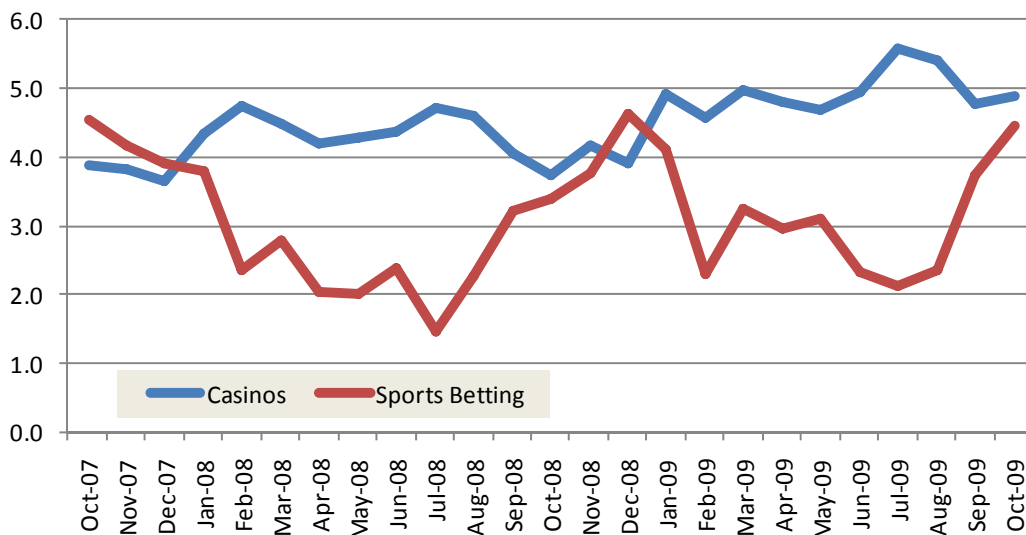
But reflecting the strategic adjustment by many casinos, the term “hotel” was in nearly that same share of searches as was “casino.” This may represent more consumers actually searching on hotels, or more casino/gambling search engine results containing “hotel,” or more likely a combination.

**Share of Search Engine Referrals to Casino Category Sites Containing the Specific Terms/Term Sets**



While a greater focus on hotels may be appropriate, the broader challenge for the casino industry may be from outside. Twice in the past two years Compete’s online “Sports Betting” category had as many unique visitors as the Casinos category despite having about half as many sites. The pattern continued in 2009, with Sports Betting traffic on par with Casino traffic in October in 2009. The leading Sports Betting category site in October was betus.com, with over 1.3M unique visitors; that volume puts it ahead of all Casino category sites but one. Of greater interest to casinos, 23% of all search referrals to Sports Betting sites were on terms containing “gambling.”

**Unique Visitors to Sites in the Compete Casinos and Sports Betting Categories**





With the economy only now showing signs of recovery, it's logical to assume that many gamblers—sports or otherwise—have at least considered gambling online in lieu of an in-person casino visit. Just avoiding the cost of travel could make gamblers feel like winners, though of course they also miss the free amenities.

But more important, casinos are likely to continue to need to re-position themselves as “complete experience” destinations, including emphasizing all the things one can't get online, such as the combination of casinos, shows, hotels, dining, spas, cultural excitement, and impromptu nuptials. That also means that casinos will end up competing more with other travel industries. To complete their repositioning successfully, the casino industry will need aggressive online tactics covering the complete spectrum of search, site effectiveness, consumer cross-shopping of other travel industries, and booking success based on combinations of activities.



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*\* Consumer confidence is gathered by TNS Custom Research for the Conference Board.*