

Junkets for South Africa ???

by **Steve Karoul**

A casino operator, however, knows that he is dealing with a specific phenomenon known as "gamblers mentality" beside the fact that most junket customers usually make last minute decisions of whether or not to go on a specific junket trip. Every gambler whether big or small will experience many of the same emotions. In larger gamblers these emotions also affect a gambler's ego with a sense of importance. Much of this is fostered by the host casino's internal staff that oftentimes feed this ego. Consequently, many larger players feel "special" and feel that the casino owes them the unwritten right to be served at all times. We all know that this is virtually impossible. However, a smart casino operator has to create the perception that he is capable of always being able to satisfy their best customers at a moment's notice.

In order to create this perception, the smart casino operator has to forecast how many rooms to hold for the casino block. He has to do the same thing with restaurant and showroom reservations. In some instances, this concept or perception will even carry over to the parking lot for special reserved parking places. This is no different than putting a reserved sign in front of seats at the Baccarat table or in front of preferred slot machines.

In effect, a smart casino operator is holding space until the last moment just in case one of his most valued customers decides at the very last minute that he wants a room, or wants to eat in a certain restaurant or go to the showroom. If you have to compete with the hotel management, more than likely, the rooms or seats will have been pre-sold and you will not be able to satisfy your VIP players or your junket players. A smart casino operator versus a hotel operator will never maximize use of his facility. However, he will maximize casino revenues which will in all likelihood far exceed any maximised room, food, beverage or showroom revenues.

You must therefore decide first if your company will operate as a hotel company with a casino included as one of its many different amenities. Or if you will operate as a casino company, where the casino is your primary business and the hotel, restaurants, showrooms, etc. are all amenities to support the casino. Once you get over this hurdle, you can more realistically decide if you want to pursue casino junkets. This may sound like a trivial point but in reality it is a major problem being constantly faced by inexperienced operators trying to maximize revenues from every single outlet. Obviously you need to balance everything but you can never lose sight of the fact that the casino is or should be your primary revenue generator. It will be very interesting to see what direction many of the new operators in South Africa will follow.

If you decide to follow the casino side of the equation, you will need to determine what type of junkets to market to. In my opinion, very few of the new casinos in South Africa will be able to compete head to head with major competitors such as Las Vegas, Monte Carlo, Australia, Macau, the Philippines, etc. because of the high cost of transportation and high gaming taxes. Therefore, you will need to be as creative and innovative as possible in the "packaging" of your junket "offer".

From my past experience in South Africa, I would strongly recommend developing a completely new hybrid junket concept that offers a "unique South African gaming vacation". Be creative and package as many unique South African experiences or offerings that you can financially afford to offer under your complimentary policy and guidelines without including airfare. As an alternative to the hard core gambler who is coming to South Africa to play a few rounds of golf and kill the casino at the same time, you can offer him a cash back junket. In other words, guarantee nothing in advance, but based upon a qualification formula, return cash money to the player to cover all or part of his expenses. You can call it a "cash back Junket". It will be a hybrid version of the Asian dead chip rolling junkets that pay the customers a commission on their turnover or rolling of chips. There are many innovative things that can be created to market your properties along with the uniqueness and beauty of South Africa.

One other concern that must be mentioned is the issue of security. All of your marketing should stress the "safe and secure" aspects of your completely pre-planned unique junket offering. I was able to successfully market South Africa as a unique destination even during the worst outbreaks of violence in the history of South Africa. Therefore, no excuses. South Africa is mysterious. South Africa is exotic. South Africa is beautiful. South Africa is unique. South Africa is extremely marketable. You now need to balance the right offering with the right cost controls. Good luck.

Date Posted: 30-Sep-1999

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