



Rethinking the Premium Players Lounge

by Andrew Klebanow

Premium player lounges have become a fixture in many casinos in North America. These lounges provide higher worth players with a place to take a break from the gaming floor, catch up on text messages, and sit in a relaxed, non-gaming environment. They also offer hosts a place to connect with their customers. At some properties, the lounge may provide players with some form of food offering, yet rarely, if ever have they been considered part of a casino's food & beverage strategy. In fact, in most player lounges food is treated as an afterthought, usually comprised of packaged snack foods or some items from the central kitchen that, after sitting out for a couple of hours, have lost their gastronomic appeal.

What is rarely recognized is that the premium players' lounge, properly designed and maintained, can help the casino property provide its best customers with precisely the kinds of dining that they prefer for their everyday gaming experiences while reducing comp expense and the time gamblers spend off the gaming floor.

The Evolution of Player Lounges

Premium player lounges began to appear in the late 1990s. Early forms of the lounge concept were essentially host offices that afforded customers a place to sit away from the casino floor. Players' lounges only started to gain traction after the introduction of tiered player reward programs as casino operators tried to find ways to foster loyalty among their highest worth customers.

The quality of lounges also varied. Some operators converted a portion of their high limit gaming area to a sitting area, while more astute operators introduced dedicated premium player lounges that offered opulent furnishings, an elegant bar and butler service. Top tier players could sit in plush furniture, order a snack from a menu or graze at a small buffet, and get back into the action quickly. The facilities were also staffed with a host. Some astute operators, notably Park Place Entertainment (formerly known as Hilton Gaming and later as Caesars Entertainment) designed dedicated player lounges into their new properties and equipped them with pantries and satellite kitchens so that they could provide high-quality, prepared-to-order snacks for their customers.

Riverboat operators also saw value in offering their best players a lounge experience. In their nascent years of operation, riverboat casinos had to cruise and the shoreside lounge offered a place for premium players to sit and relax prior to boarding. This amenity remained after cruising requirements were eliminated.

Premium player lounges at Indian casinos evolved in a

more random and less strategic manner. As tribal casino operators started to introduce their tiered reward programs, many sought to add amenities for players who achieved premium tier status. Amenities often included dedicated parking areas, separate queues at buffets, showrooms and cashier cages, and eventually premium player lounges. Some of these lounges were repurposed back-of-house spaces, having previously served as slot department offices, repair shops, and host offices. Their primary attribute was that they were located close to the main casino floor. As such, they were never plumbed for restrooms, kitchens or bars, and whatever food was offered had to be carried in from the main kitchen.

It likely was Harrah's Entertainment that first institutionalized the concept of the premium players' lounge as part of their Total Rewards program and incorporated design and service standards across all of their properties. The Diamond Lounge became an important amenity at all Harrah's branded casinos, and was eventually eclipsed by the 7-Star Lounge when that ultra top tier was introduced. The 7-Star Lounge elevated the lounge experience to the point that Diamond level players aspired to earn membership in the uber tier so they could avail themselves of the amenities available in the 7-Star Lounge.

The Logic Behind Making the Lounge Truly Special

Airlines have long provided inspiration for casino reward programs and the benefits offered to loyal customers. Airlines were the first to introduce frequent flyer programs, the precursor to casino reward programs. They also were the first to introduce tiered reward programs that recognized and rewarded their most frequent flyers. A key benefit to those higher worth customers was access to airline lounges. They too have evolved from simple rooms where a frequent flyer could grab a packaged snack and relax in a slightly more comfortable environment than the boarding area to a place focused on providing quality food & beverages, high-speed internet connectivity, and personalized customer service. In fact, many international airlines compete in part on the quality and breadth of offerings in their lounges.

For most premium casino customers, when they get hungry or need a break, they turn to a host for a comp. Hosts in turn normally issue a comp to the buffet or 3-meal café, yet neither dining experience truly fulfills premium players' needs and expectations. These venues were built for volume and do not offer any sense of luxury or comfort. After all, they were designed to serve multiple market segments with little focus on high-worth customers. Alternatively, the host may comp a

player into the steakhouse, but that strategy only works during the days and hours that the steakhouse is open. Also, the time to eat a meal in that outlet can often take over an hour, and casino marketing is charged the full retail price for that high-end meal. Hosts are also reluctant to issue them since no comps are scrutinized more closely than those to the steakhouse.

Millions of dollars can be spent renovating a buffet that rarely results in bottom line profitability. It does seem counter-intuitive that few casino operators allocate sufficient capital to design and operate a private club/lounge that focuses solely on their most important customers and yet, in many casinos, the players' lounge is more or less an afterthought.

Now, imagine a premium lounge that offers a far more comfortable respite from the casino floor than the buffet or coffee shop, and also provides a very attractive food product. This food product need not be a full meal, but appetizing, creative and freshly prepared. Unfortunately, most lounges are ill-equipped to provide anything better than a packaged product, but if they could, the advantages would be significant. Rather than force a customer to waste precious time in a restaurant, players could graze at a light buffet in the lounge or order a freshly prepared appetizer. The time it takes to eat that meal is reduced and player satisfaction would be higher.

Success Factors in the Design of the Lounge

In order to undertake the development of a premium players' lounge, one must first define the lounge's primary objective: provide a facility that meets the needs of the target market – in this case high-worth gamers – and is clearly differentiated from its competitors. This requires a high degree of collaboration from the food & beverage director and director of player services. It also requires input from the casino's premium customers. This can be achieved through customer insight panels, which are essentially focus groups conducted on property where concepts/menus can be tested.

A premium players' lounge must also be aspirational. What this means is that players must aspire to gain entry to the lounge, whether by increasing their gaming activity or shifting their loyalty from multiple properties to the one property that offers this unique experience. To be aspirational, the lounge must be visible from the main gaming floor, but accessible only to a select few, mainly those players with the appropriate tier status. Occasional access could also be granted to certain players by a host as a tool for player development.

The facility should be equipped with a satellite kitchen or have direct connectivity to the casino's main kitchen or fine dining room. This will assure that the food served is prepared fresh to order and served at the appropriate temperature. Also, it may require a chef dedicated to this dining venue who can

change the menu seasonally and keep players engaged.

As an operation that provides small bites of high quality food, the facility should probably be the accountability of food & beverage rather than casino marketing. Every appetizer or customer served would generate a meal check, which would be paid by casino marketing. While that may appear on the surface as a large expense, in reality it is far less expensive than issuing comps to the steakhouse or even to the buffet. More important, this style of service and menu gets customers back on the floor in the shortest amount of time, which is what those players want. To this end, it might be time to rethink the premium players' lounge and make it part of the casino's overall food & beverage strategy. ♣

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