

Boyd Gaming Hits 'Jackpot' With Revenue Management Strategy

2006-09-07

Focus on 'guest value' gives the advantage to the house

Remember when casino hotel rooms were either free or available for less than the price of a premium martini? Or when lavish casino buffets were \$5 and show tickets were free to nearly anyone known to the property? Those days are gone forever.

For years casino hotels offered comp rooms under wildly generous conditions to attract guests so they would patronize the property's gaming floor. The hotel room was simply a convenient place where gamblers went to relax after playing the tables or working the slots. Anyone who has stayed at a casino hotel in Las Vegas or the other gaming centers lately knows things have changed. The reason? Professional revenue managers - including Lyra Beck at Boyd Gaming - are implementing proven yield strategies and sophisticated casino revenue management technology to transform casino hotels from loss-leaders to solid profit centers.

'Our goal is to put the right guest in the right room, at the right time and at the right rate,' said Beck, Boyd Gaming's corporate director of hotel yield and teleservices. 'We reduced comp expenses 35 percent and increased cash revenue four percent by updating our strategy and automating our operation. **revolution SM**, a specialized revenue management system from The Rainmaker Group, pulls in a guest's gaming value from the casino side and factors in forecasted property demand and other variable influences to set room rate and comp availability.' Beck explained the new system forecasts a guest's value based on their play history - or in some cases, lack of play history - and calculates availability status for Boyd according to a guest's total value.

Revenue management at a casino hotel is different from a regular hospitality operation because it considers a guest's theoretical future gaming value as well as potential room rate and other additional revenue, such as spa use and dining. Casino operators know who their loyal customers are and assign them a casino ID. Non-gaming guests who do not have an ID are called 'retail customers.' 'We track every gaming customer's casino activity,' said Beck. 'Boyd knows each gamer's name, play history, frequency and value. Our Rainmaker **revolution** system downloads player data through a link with the casino central processor, together with cash expenditure data from the property management system, to create a property-specific forecast embracing customer value as comprehensively as possible. The system also enables our yield managers to input local market factors as an additional point of reference informing the availability recommendations for all guest segments.'

Highly rated and frequent players are offered a comp or lower room rate, while retail customers are charged amounts calculated to ensure their value is equal to the gamers' value. Boyd cultivates its non-playing guests and works hard to retain their loyalty. Beck said, 'It was an easy transition for our staff to the Rainmaker revolution system. We trained our reservation agents to roll out our new rate policies gently.' Agents like the system because it takes the responsibility for determining which prices to offer out of their hands, presenting only the offer available to specific callers based upon what is known about them. Beck is also assisting Boyd's customers with the transition. 'To make the change easier for longtime guests to accept, I created new scripts with talking points for our 23 agents. Agents explain the change politely, answer any questions, then provide room and rate options.'

When reservation agents receive a call, they type in the guest's name, player identification (if any) and dates, and the system instantly provides the appropriate level of comp or room rates for those days at the requested property. 'There are no spreadsheets; the system makes the recommendations and our yield managers review them for appropriateness. We do not see the math involved in our system's rate setting and forecasting process,' explained Beck, 'but as business people we are well qualified to evaluate the forecasts and recommendations for acceptance or modification. We are in the information and analysis business, not the IT business. Our system handles the calculations quickly so we can focus on fine-tuning strategy as often as necessary.'

Boyd Gaming also uses the system's forecasts to help align mail campaigns and other promotions more precisely with demand conditions. 'Our yield managers are like orchestra conductors who work from their forecasts to recommend which guest types we want to attract to our properties during a specific period. Since we installed the **revolution** system in early 2006, we have reduced stay-no-play and other low-profitability customers by 23 percent.'

Boyd Gaming acquired the Harrah's Shreveport in May of 2003 and renamed it Sam's Town Hotel and Casino. Once the property was added to Boyd's portfolio Beck moved quickly to install an effective revenue management system. 'We opened Sam's Town in Shreveport starting from scratch with a manual yield management process. But once Rainmaker's system was installed it was an easy transition.' Beck taught her team that revenue management was not about technology, but about people following recommended best practices - which helps Boyd balance its hallmarks of customer value, loyalty and satisfaction with the bottom line. 'Revenue management is a way of doing business, not a computer system. The system helps Boyd increase profitability by knowing the value of a guest and enables us plan for the way demand will materialize. I expect to install it in all our properties.'

Lyra Beck knew she wanted to be in the hotel business in the ninth grade. She worked her way through the University of Nevada Las Vegas at a reservation center and was hired by the Mirage after college, then later moved to the New York, New York property when it opened. She has held positions with the largest hospitality gaming companies in the world. 'Boyd is

different from the other companies I've worked for. We value our customers and balance guest loyalty and satisfaction with the bottom line. In order for guests to enjoy themselves when they are at your hotel they need to feel they are receiving good value for the price they pay. Boyd understands this.'

About Boyd Gaming

Headquartered in Las Vegas, Boyd Gaming Corporation (NYSE: BYD) is a leading diversified owner and operator of 19 gaming entertainment properties located in Nevada, New Jersey, Mississippi, Illinois, Indiana and Louisiana. The Company is also developing Echelon Place, a world-class destination on the Las Vegas Strip, expected to open in early 2010. Additionally, the Company was recently recognized by Forbes Magazine as the best managed company in the category of Hotels, Restaurant and Leisure. Boyd Gaming press releases are available at <http://www.prnewswire.com>. Additional news and information on Boyd Gaming can be found at <http://www.boydgaming.com>.

About Rainmaker Group

The Rainmaker Group is a software and services company that provides the **revolution** SM product suite, powered by JDA, which maximizes total property profitability for operators of casino hotels and other hospitality enterprises. The company enables clients to identify and maintain availability for their most profitable revenue sources through revenue management implementations. The Rainmaker Group helps casino hotels increase profitability through the accurate, instantaneous ability to determine the minimum acceptable value of each guest. This increases client profitability by securing the most profitable customers while developing more effective business processes. Rainmaker incorporated in 1998 and its clients include Boyd Gaming, Harrah's Entertainment, MGM MIRAGE, Omni Hotels, IP Biloxi, Trump Entertainment Resorts and other leading hotel and multifamily housing companies.

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