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Happy Birthday, Atlantic City New York's big news may have crashed the party, but the gambling must go on.

In case you missed the news, Atlantic City's gambling industry turned 25 years old on November 2. On that day in 1976, New Jersey voters approved a constitutional amendment permitting casinos in the seaside resort town, making it the second government-sanctioned gambling market in the country.

Don't feel badly if you forgot to send flowers; between industry-wide hand wringing over the long-term impact of Sept. 11 and the sober specter of expanded gambling in New York, there wasn't much celebration on the Boardwalk. At the ripe age of 25, Atlantic City's casino business has been thrust into a mid-life crisis.

After Sept. 11, it was often remarked that New Jersey was lucky to rely so heavily on regional clientele. While people stopped flying to Las Vegas, they kept driving to Atlantic City. While Vegas construction projects were postponed, most Atlantic City developers confidently pressed forward.

Then the impact of Sept. 11 came flying out of left field, in the form of a bill to permit racetrack slots, Powerball and up to six new Indian casinos in New York State. The effort, supported strongly by Gov. George Pataki, had been in the works for a long time -- but conventional wisdom is that New York's sudden economic crisis paved the road to passage. The most critical and controversial provision would funnel 25 percent of slot machine revenues to the state.

Unfortunately for Atlantic City, around half of its visitors come from northern New Jersey and New York.

While remaining upbeat about Atlantic City's history of resilience, analysts aren't sure what to make of this situation. A few construction projects have been formally postponed, and other developers have fallen silent about their plans. Some gaming corporations with properties in Atlantic City are actively pursuing tribal casino management contracts in New York. Donald Trump issued the dire warning that New Jersey should prepare to reduce casino taxes if Atlantic City is to stay competitive. And the best idea from the Assembly so far has been to put Atlantic City's casinos on the Internet.

Is it a sign of prudence to withdraw from development right now, or a fatal falter? How should the nation's second oldest gaming market position itself to face new competition? How can it leverage those 25 years of experience and momentum?

What Atlantic City needs now is confidence in its own heritage, openness to new opportunities and the most ambitious marketing campaign it can muster. This is not the time to lay low.

We are talking about one of only two gambling destinations in the U.S. that rings a clear bell with Americans and international gamers. Not even recent gambling phenoms like Connecticut's Foxwoods and Mississippi's Gulf Coast have higher recognition. Before the ground-shaking events of the past few months, Atlantic City was on a track to draw more conventions and gamblers from farther corners of the nation and the world.

There's no reason those plans shouldn't continue, perhaps in a modified form. Assuming that New York will present some direct competition -- some analysts predict that 20 percent of revenue could be diverted -- the argument for arming Atlantic City with a wider reach and more entertainment options is obvious.

Yes, that could mean building more hotels and casinos. That is something for individual developers to decide, based on re-calibrated market studies. Taking some time to re-evaluate is not a bad idea. Speed is important, but it will be at least a couple of years before New York casinos can be fully functional.

Regardless of whether new construction plans are shelved, the city and its casinos should start paying even more attention to dining, shopping, entertainment and transportation. Marketers already know that as a consolidated entertainment destination, they have more appeal to groups and families than isolated casinos. Now that people are beginning to travel again; why not use this occasion to re-launch Atlantic City's image?

In covering the casino industry's 25th birthday, an article in The Press of Atlantic City recited a prediction made by then-assemblyman Steven Perskie, who told voters in 1976 that casino gambling would be "an element of a resort, tourist and entertainment hospitality package" rather than "an end unto itself."

Perskie may have been ahead of his time, but the past several years have borne out his prediction in the most successful gaming markets. Atlantic City is among those, but still holds potential to grow as a destination market.

Speaking of potential, let's take a look at the Internet. In the past, Atlantic City casino operators have opposed online gaming legalization in New Jersey. They've argued that online gambling poses too many technical and regulatory concerns, and would only distract from the primary business of running real casinos.

There is a point there. Atlantic City's success as a physical destination is a good reason to prioritize bricks-and-mortar above cyberspace. But what if the Internet could boost the Boardwalk?

New Jersey's most recent Internet gambling bill, proposed Nov. 9 by two Assembly Republicans, purportedly would allow "real-time" Internet betting on table games as they happen in Atlantic City casinos. While I have not yet had the opportunity to read the legislation, the concept is interesting. It sounds like a variation of the 'Net gaming bill recently passed in Las Vegas, which sets fees and qualifications such that only large, established casinos will host online gambling. (That provision should garner support of regulators and traditional casino groups, though fairness may be an issue.)

Atlantic City's good reputation is already being used to evoke confidence online. Several offshore cyber-casinos are using "Atlantic City" in their names, even using pictures and descriptions of the boardwalk to create the impression of some relationship. Wouldn't it be nice if actual Atlantic City casinos could do the same?

Moreover, consider the opportunity to blend familiar physical places with the online experience.

Imagine an out-of-state tourist visiting an Atlantic City casino, then returning to the online version from home. Imagine local patrons visiting the Web site when time is short or travel is difficult. Could it be possible that cyber-casinos might actually build loyalty to land-based resorts?

The possibilities are incredibly intriguing for any jurisdiction that has this option. Although Internet gaming seems to pervade every gaming discussion these days, it is still conceptually and legally undeveloped. There are serious security and regulatory issues to address -- but one would hope that the industry -- in Atlantic City and elsewhere -- is willing to face them rather than continue to run from them.

Finally, to put things in perspective, this is not the first time that Atlantic City has been challenged. Through the arrival of two wildly popular tribal casinos in Connecticut and slot machines at Delaware tracks, Atlantic City's revenue has continued to grow, albeit more slowly than in the past. Observers seem certain that New York's gaming expansion will be felt in New Jersey, but there's no need for it to cause serious damage.

Back in 1976, Atlantic City's biggest worry was playing second fiddle to Las Vegas. Today, it needs to stand out amidst a symphony of other gambling options ranging from riverboats to lotteries to Indian casinos and online wagering. Fortunately, it's had a quarter century to prepare. It will be interesting to watch.

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