

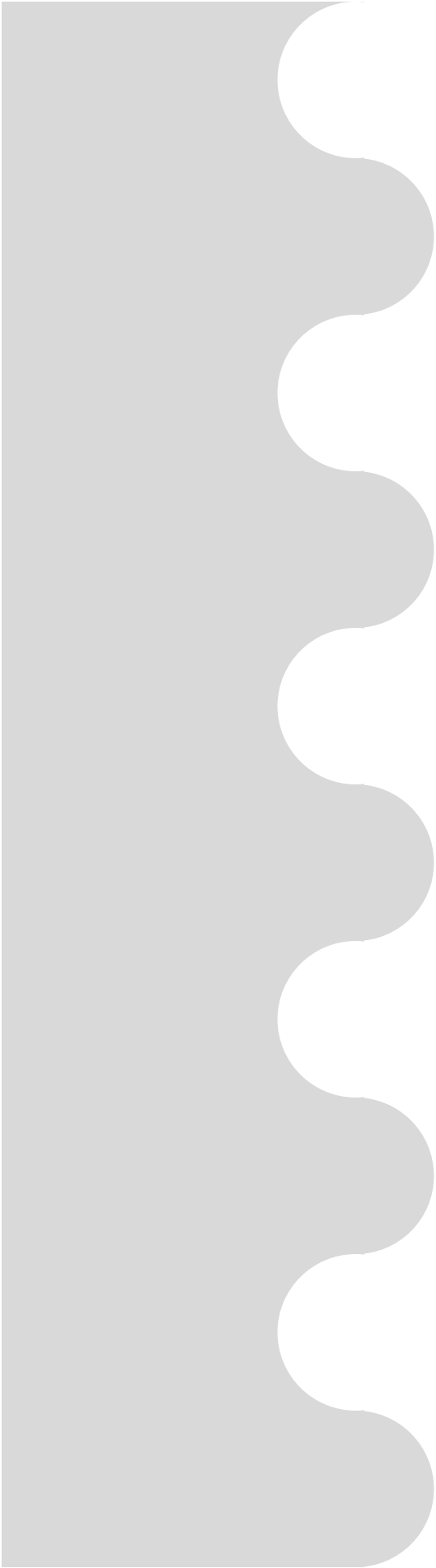


the G2E
future watch series
an insider look at new trends in gaming

Executive Summary of Initial Findings

September 2003





Global Gaming Expo showcases the best and brightest in the gaming industry today. But G2E is about more than the here and now; it is also about the cutting-edge nature of our business. The G2E Future Watch Series, an original research series released in conjunction with G2E, will serve as a tool to help examine those industry trends.

For the inaugural year of the Future Watch Series, some of the industry's leading gaming operations executives were asked what the casino of the future might look like. All of these industry insiders have a decade or more of experience in gaming and hold a wide variety of positions, from director of slot operations to general manager to senior vice president of gaming operations. These findings, detailed on the following pages, provide some insight into the future of resort design, gaming machines, table games, player tracking and new technologies.

To supplement these findings, the same survey will be conducted on-site during G2E. Attendees will be able to complete the questionnaire online at either the AGA booth in the main lobby or at the Cyber Café on the show floor. The questionnaire is easily accessible from a link on the show's Web site at **www.globalgamingexpo.com**. Complete survey findings will be issued in a final report made available to all show attendees and survey respondents following the show.

The AGA and Reed Exhibitions, organizers of Global Gaming Expo, would like to thank all the industry experts for taking the time to help us complete this initial phase of the Future Watch Series.

THE FUTURE OF CASINO RESORT DESIGN

1 **Is the era of themed casino design really over?** Despite what some observers have written in recent years, most of our industry experts say “no.” Nearly two-thirds (62%) of them believe resorts will continue to rely on property themes to about the same extent as they do today. Just under 40% of them do believe, though, that we will witness somewhat of a move away from the theme-based designs pioneered by resorts such as Caesars Palace and The Mirage.

2 **So what might the future bring for Las Vegas?** A majority (62%) of the executives surveyed believe there is a brighter future in Las Vegas for smaller properties such as The Palms as opposed to the \$1 billion or more mega-resorts that appeared to be the gold standard during the 1990s. However, given that about 40% continue to be believers in the mega-resort design, this would appear to remain an open question.

THE FUTURE OF GAMING MACHINES

1 **Does the traditional reel slot machine have a future?** Despite all of the advancements in microchip and video technology during the last two or more decades, a majority (54%) of industry insiders believe the traditional reel slot machine will always have a future with some casino customers, thus maintaining about its current market share.

2 **What are the kinds of advancements we might see?** Nearly one-third of our survey universe believes it is “very likely” that the casino floor of the future will bring technology that allows for games to be downloaded directly from game creators and suppliers, thus doing away with the need to physically replace gaming machines. Another 31% felt this kind of advancement over the next 10 to 15 years was “somewhat likely.” THINK OF THE CHOICES!

THE FUTURE OF TABLE GAMES

1 **What about table games on the floor of the future?** 47% of the industry insiders with whom we spoke think table games will, in fact, have a future, but at the same time they believe that their portion of gaming revenue will decline slightly from today’s level. An additional 23% feel that table games’ contribution to gaming revenue in 10 to 15 years will decline substantially.

2 **Is there hope for table games?** Our insiders suggest there is indeed. 85% have heard either “a great deal” or “somewhat” about the electronic table games that have been coming to market (primarily in Europe thus far), and 54% of them believe this integration of table games and technology will resurrect the popularity of these types of games. Another 31% feel like they will have to “wait and see.”

PLAYER TRACKING

1 **How likely is total resort player tracking?** 85% of our insiders say that player tracking will evolve to the point where systems cover the entire property, including retail locations, restaurants and entertainment venues. While 75% of these respondents believe it will either be “very” or “somewhat” challenging to implement such a system, they still believe it’s inevitable.

2 **Do airline frequent flyer programs provide any useful models?** According to our survey audience, it most certainly seems they do. When asked if the casino industry might follow the airlines’ lead in trying to create valuable, independent businesses by marketing other products to their frequent player customers, a whopping 100% of our insiders thought it was a “good idea.”

NEW TECHNOLOGIES

1 **How different will the casino floor be in 15 years?** 46% of our industry experts say “totally different,” while another 31% of them feel “quite a bit different.” Nearly one-quarter of them think 100% of the U.S. gaming machine market will be cashless in 10 years, and 78% believe it is “very” or “somewhat likely” that there will be a market for games making use of virtual reality or holographic technology within 10 to 15 years.

