

CASINO TWITTER ADOPTION

AN EXPLORATION OF HOW LAS VEGAS CASINOS APPROACH INNOVATION

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Executive Summary

Like other businesses, casinos have begun using the social network/information sharing service Twitter. The pattern of Twitter adoption by casinos sheds additional light on their implementations of new technologies more broadly. This study found that casinos generally did not take risks with Twitter, adopting it slowly: it took more than a year from the first experiments with the network for more than half of the casinos in the survey to begin using Twitter.

Essentially, casino Twitter adoption makes a bell curve, with a few early adopters followed by the majority signing up at about the same time, with a declining number of late adopters afterward. This bears out the assumption that, in general, casinos do not rush to innovate, but rather make use of new technologies after they have been thoroughly tested by others.

In addition, the present survey indicates a basic metric in Twitter usage that operators can refer to as an industry standard: all told, Las Vegas casinos average just under three tweets per day, with the majority of properties either tweeting far more or far less than that.

All data is taken from a survey of casino adoption dates and numbers of tweets conducted on and after September 10, 2010.

Background

Casinos make use of new technologies as a matter of course. From the introduction of electro-mechanical slots in the 1960s to the on-going introduction of server-based gaming, these technologies transform the casino floor and the player experience.

Yet there is little empirical research on exactly how casinos adopt new technologies. This is because it is a process that is largely opaque to outside researchers and difficult to document. Twitter, however, is totally transparent, and looking at how casinos adopted Twitter can also reveal how they approach other technologies.

Twitter was founded in 2006, and was in fairly wide use by the end of 2007. Many American businesses started using the service in 2008 and early 2009. There are no costs to setting up an account, save the labor costs incurred by having someone read and update it. With minimal barriers to entry, Twitter adoption is less a financial decision and more a window into how willing casinos are to involve themselves with novelty.

For the purposes of this study, a “casino” Twitter account is one maintained by or for a Las Vegas-area casino, in the name of that casino, that is used to share information about the property as a whole. It does not include “sub-accounts” for individual restaurants or amenities like a poker room. In general, it doesn’t include overall corporate accounts, though since a major player in the locals market tweets primarily from a shared corporate account (@stationcasinos), it was included. The account must have had some activity in recent weeks to be considered as part of the survey.

There are a total of 47 casinos in the Las Vegas area that meet these criteria and have been included in this study.

Twitter Adoption Chronology

Luxor was the first Las Vegas casino to open a Twitter account in its own name, on May 2, 2008. It was followed quickly by MGM Grand, with a more than two-month gap before the next adoption. That the two pioneers in the field were both owned by MGM Resorts International discredits the notion that large corporate owners stifle innovation; in fact, it was not for another seven months that an “independent” casino, the Hard Rock Hotel, opened an account. MGM didn’t follow a consistent pattern, though, and has both the first casino to adopt Twitter (Luxor) and the most recent (Bellagio, August 2, 2010). Harrah’s Entertainment embarked on a more cohesive strategy, experimenting first with an account for Caesars Palace (February 17, 2009), adding them for Rio, the Flamingo, and O’Shea’s during the summer, and bringing in their other properties (minus Bill’s Gambling’ Hall) in October/November 2009.

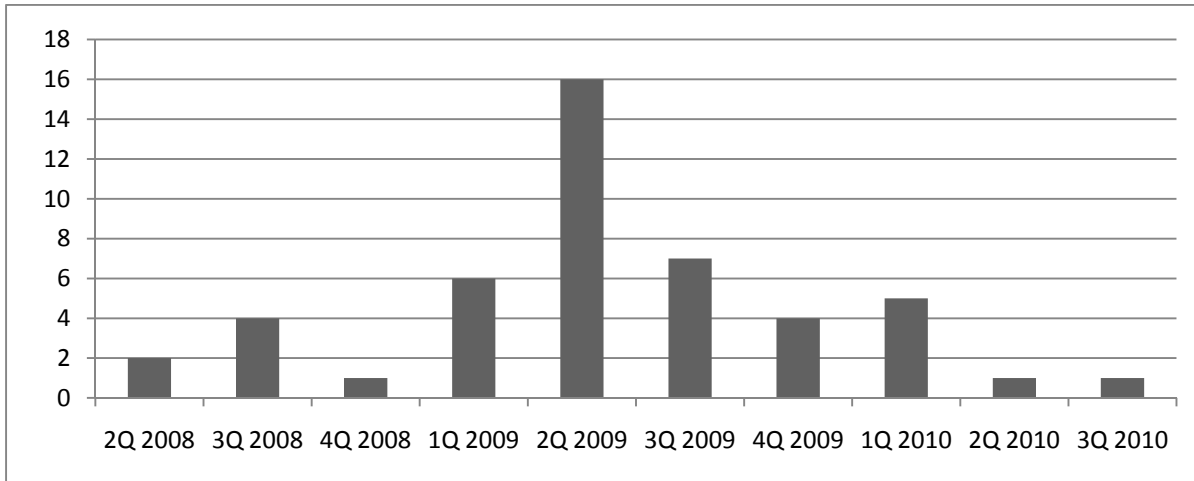
In general, there is correlation between ownership (multi-property vs. single), perceived luxury of the property, or location.

Casino Twitter Adoption by Quarter

| <u>Quarter</u> | <u>Accounts Opened</u> |
|----------------|------------------------|
| 2Q 2008 | 2 |
| 3Q 2008 | 4 |
| 4Q 2008 | 1 |
| 1Q 2009 | 6 |
| 2Q 2009 | 16 |
| 3Q 2009 | 7 |
| 4Q 2009 | 4 |
| 1Q 2010 | 5 |
| 2Q 2010 | 1 |
| 3Q 2010 | 1 |

Breaking Twitter adoption dates down by financial quarter yields data that makes a familiar pattern: a bell curve. As can be seen in the table above, the vast majority of adoptions (just over one-quarter of the entire group) took place in the second quarter of 2009.

Casino Twitter Adoption by Quarter



The pattern is even more apparent when viewed as a bar chart. That is a near-perfect bell curve distribution.

From this pattern, one can surmise that casinos do not rush to adopt new technologies simply because they are new. They don't seem to particularly value being first, and prefer to let others tinker and possibly misstep before adopting themselves. This isn't surprising, and suggests that casinos do ample due diligence before embracing innovation.

Tweets Per Day

Knowing when a casino adopted Twitter, it is a simple step to determine how often it tweets by simply dividing the total number of tweets by the number of days it has been tweeting.

The industry average for tweets is 2.84 tweets per day, although the distribution skews towards the bottom. Most casinos that Twitter are not using the service a great deal.

Average Twitter Use Per Day

| Tweets per Day | Casinos |
|----------------|---------|
| 0-1 | 19 |
| 1-2.84 | 12 |
| 2.85-5 | 7 |
| 5+ | 9 |

There are more casinos at the extremes—those who use it considerably less or more than the industry average (28)—than near the mean (19). This indicates the use of Twitter by casinos is still not standardized: some casinos have specified that marketing personnel make it a part of their daily work, while others are using it on a much less frequent basis. Forty percent of the casinos in the study average less than one tweet a day, which does not indicate universal embrace or even understanding of the service.

Top Ten Las Vegas Casino Tweeters

| Casino | Tweets | Days | Tweets/Day |
|------------------|--------|------|------------|
| Casino Royale | 2,318 | 148 | 15.66 |
| Caesars Palace | 5,006 | 570 | 8.78 |
| Las Vegas Hilton | 4,554 | 525 | 8.67 |
| Planet Hollywood | 4,438 | 513 | 8.65 |
| Wynn | 4,162 | 514 | 8.10 |
| Luxor | 5,930 | 861 | 6.89 |
| M Resort | 2,573 | 414 | 6.21 |
| Mirage | 4,223 | 791 | 5.34 |
| MGM Grand | 4,432 | 857 | 5.17 |
| Palms | 2,786 | 571 | 4.88 |

Looking at the ten greatest users of Twitter among Las Vegas casinos, again, yields few obvious patterns. The top twitterer, Casino Royale, entered the game relatively late but has been extremely prolific, tweeting nearly thirty times the industry average. This is a budget-oriented property with few exceptional amenities, and most of its posts highlight its free play promotion and food and beverage bargains. The second to-top twitterer, Caesars Palace, is perhaps the best-known casino hotel in the world, and is positioned as a luxury resort by its owner, Harrah's Entertainment. The rest of the list is similarly eclectic, with no correlation to size or luxury.

In short, properties that have the most active Twitter accounts do so out of a property-specific marketing plan or customer relations vision, not because they are following any established industry pattern.

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Definitions

Account Open is the day on which the casino opened its account, not necessarily the day it began tweeting.

Number of Tweets is the total number of tweets sent by the hotel as of September 10, 2010.

Days Tweeting is number of days the account has been open as of September 10, 2010.

Tweets/Day is the number of tweets per day, a simple average.

Raw Data

Below are the raw data for the Casino Twitter Adoption Study, arranged by the date that the property opened its account.

| Casino | Account Open | Number of Tweets | Days Tweeting | Tweets/Day |
|---------------------|---------------------|-------------------------|----------------------|-------------------|
| Luxor | 2-May-08 | 5,930 | 861 | 6.89 |
| MGM Grand | 6-May-08 | 4,432 | 857 | 5.17 |
| Aria | 12-Jul-08 | 437 | 791 | 0.55 |
| Circus Circus | 12-Jul-08 | 877 | 791 | 1.11 |
| Mirage | 21-Jul-08 | 4,223 | 791 | 5.34 |
| Monte Carlo | 14-Jul-08 | 843 | 788 | 1.07 |
| Station Casinos | 10-Nov-08 | 1,839 | 669 | 2.75 |
| Hard Rock Hotel | 15-Jan-09 | 1,692 | 603 | 2.81 |
| El Cortez | 19-Jan-09 | 578 | 599 | 0.96 |
| Palms | 16-Feb-09 | 2,786 | 571 | 4.88 |
| Caesars Palace | 17-Feb-09 | 5,006 | 570 | 8.78 |
| South Point | 17-Feb-09 | 1,033 | 570 | 1.81 |
| Treasure Island | 3-Mar-09 | 151 | 556 | 0.27 |
| Palazzo | 3-Apr-09 | 1,412 | 526 | 2.68 |
| Venetian | 3-Apr-09 | 1,301 | 526 | 2.47 |
| Las Vegas Hilton | 3-Apr-09 | 4,554 | 525 | 8.67 |
| Golden Nugget | 10-Apr-09 | 62 | 518 | 0.12 |
| Stratosphere | 13-Apr-09 | 319 | 515 | 0.62 |
| Wynn | 14-Apr-09 | 4,162 | 514 | 8.10 |
| Planet Hollywood | 15-Apr-09 | 4,438 | 513 | 8.65 |
| Tropicana | 27-Apr-09 | 2,187 | 501 | 4.37 |
| Excalibur | 11-May-09 | 1,535 | 487 | 3.15 |
| Main Street Station | 21-May-09 | 40 | 477 | 0.08 |
| California | 21-May-09 | 40 | 477 | 0.08 |
| Orleans | 21-May-09 | 122 | 477 | 0.26 |

| | | | | |
|-----------------|-----------|----------------|---------------|-------------|
| Gold Coast | 21-May-09 | 130 | 477 | 0.27 |
| Sun Coast | 21-May-09 | 131 | 477 | 0.27 |
| Sams Town | 21-May-09 | 55 | 477 | 0.12 |
| Fremont | 21-May-09 | 48 | 477 | 0.10 |
| Rio | 13-Jul-09 | 2,037 | 424 | 4.80 |
| M Resort | 24-Jul-09 | 2,573 | 414 | 6.21 |
| Flamingo | 21-Aug-09 | 1,362 | 385 | 3.54 |
| Red Rock | 2-Sep-09 | 7 | 373 | 0.02 |
| O Sheas | 8-Sep-09 | 1,257 | 367 | 3.43 |
| Riviera | 9-Sep-09 | 349 | 366 | 0.95 |
| Mandalay Bay | 14-Sep-09 | 250 | 361 | 0.69 |
| Bally's | 5-Oct-09 | 390 | 340 | 1.15 |
| Paris | 5-Oct-09 | 1,366 | 340 | 4.02 |
| Imperial Palace | 29-Oct-09 | 757 | 316 | 2.40 |
| Harrah's | 3-Nov-09 | 523 | 311 | 1.68 |
| Plaza | 15-Jan-10 | 21 | 238 | 0.09 |
| Vegas Club | 20-Jan-10 | 17 | 232 | 0.07 |
| Gold Spike | 17-Feb-10 | 470 | 206 | 2.28 |
| Sahara | 17-Feb-10 | 381 | 205 | 1.86 |
| 4 Queens | 25-Feb-10 | 33 | 197 | 0.17 |
| Casino Royale | 15-Apr-10 | 2,318 | 148 | 15.66 |
| Bellagio | 2-Aug-10 | 17 | 39 | 0.44 |
| Average | | 1736.66 | 585.55 | 2.84 |