

Atlantic City
convention & visitors authority

Prepared for
**Atlantic City Convention &
Visitors Authority**
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Executive Summary

EXECUTIVE SUMMARY: MEETING CHALLENGES, FINDING OPPORTUNITIES

The 2008 Visitor Profile was undertaken during a period that was clearly a year of both promise and concern for Atlantic City. The survey began in 2007 – the first year in which Atlantic City ever recorded a decline in annual casino revenue – and continued through the first half of 2008, a year in which a severe economic downturn began to impact the local and national economies. Atlantic City faced new competition from emerging markets in other eastern states.

At the same time, visitors to the resort have been treated to a growing array of new attractions, from retail and dining to spas and hotel towers. The 2008 Visitor Profile reflects the challenges and opportunities that the business community, as well as the public sector, need to address. The survey demonstrates that Atlantic City remains an attractive destination for gamblers and is increasing its appeal to other travel segments, which include general tourists, convention visitors and shoppers. The survey indicates that:

- 94% of visitors expressed satisfaction with their overall experience.
- 96% of visitors view Atlantic City as becoming more attractive.
- 99% would recommend Atlantic City to friends or family members.

Nearly one-fifth of the adults surveyed – 18 percent – indicated they are now visiting Atlantic City more frequently. Within this group:

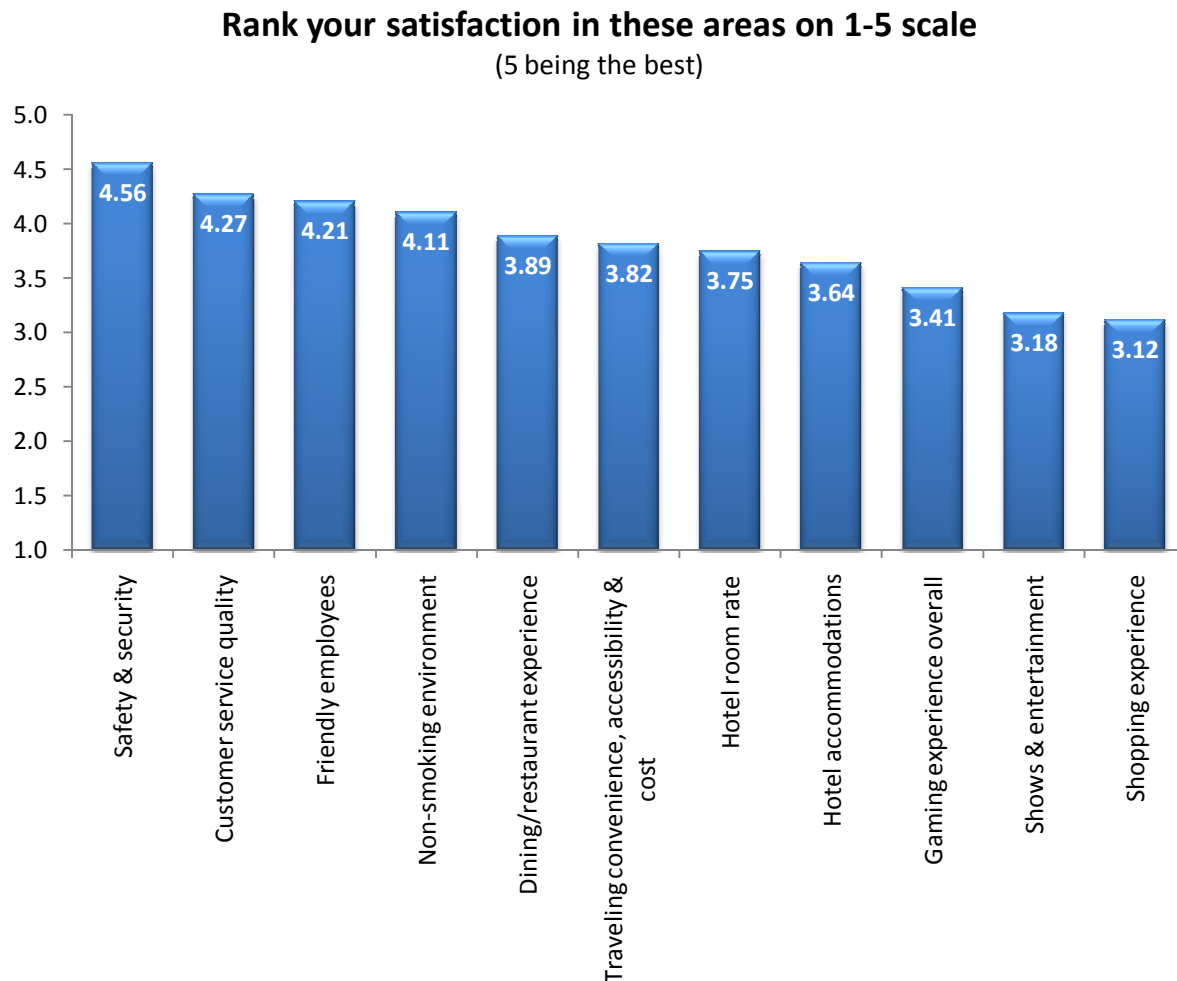
- 28% cited “more things to do” as the primary reason for increased visitation.
- 20% cited “new/better attractions,” including new shopping, gaming and dining attractions.

Among those adults who expect to visit more frequently, 28 percent are primarily shoppers, while 25 percent are general tourists, and 21 percent are attending concerts, shows or special events.

Despite these very favorable perceptions of the destination, Atlantic City faces challenges in the form of increased visitation to alternative resort and gambling destinations. One-third of all visitors (34%) regularly gamble elsewhere, most frequently:

- Las Vegas or Nevada: 31%
- Pennsylvania: 20%
- Connecticut: 15%
- Delaware: 8%
- New York: 8%

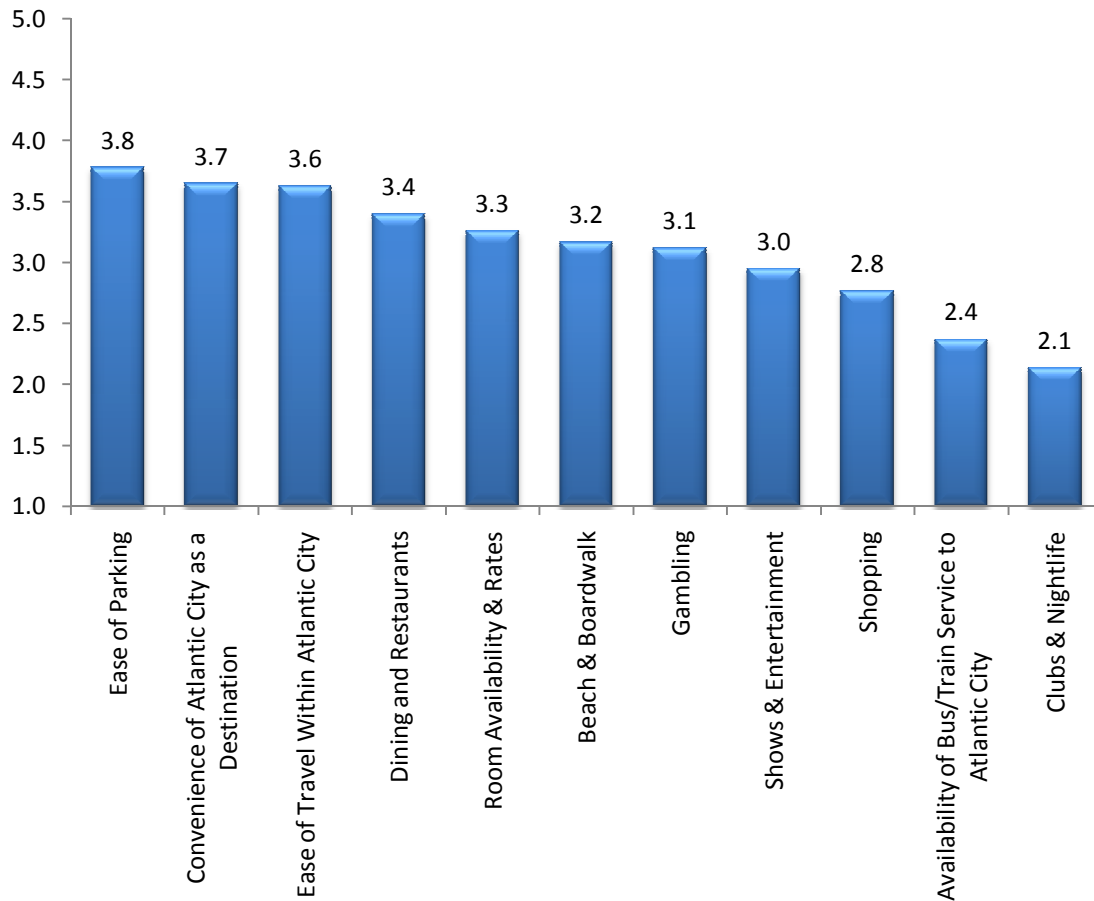
The study provides insights into the importance that visitors place on specific elements of their Atlantic City experience, as shown here:



The report also examines the factors that visitors consider important when making a decision as to whether or not they will visit Atlantic City. We tested a range of attraction attributes to measure relative attraction levels. We asked survey respondents, “How important were each of the following in your decision to visit Atlantic City?”

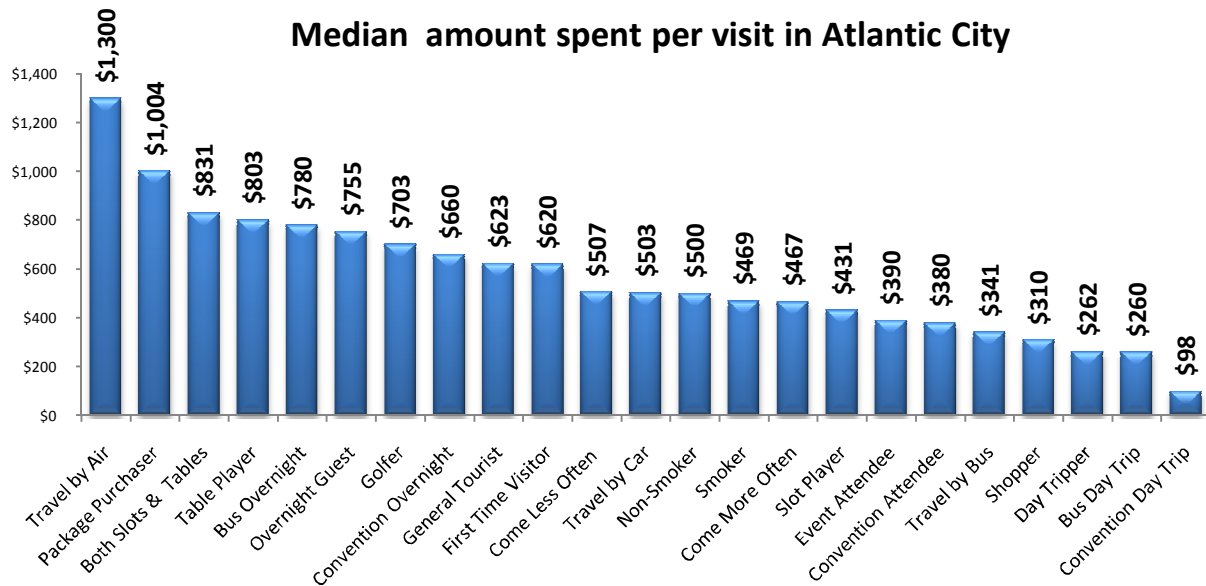
Gambling, the primary reason that most people come to Atlantic City, ranks seventh on average as an attraction attribute.

Important attraction attributes on scale of 1-5 (with 5 as most important)



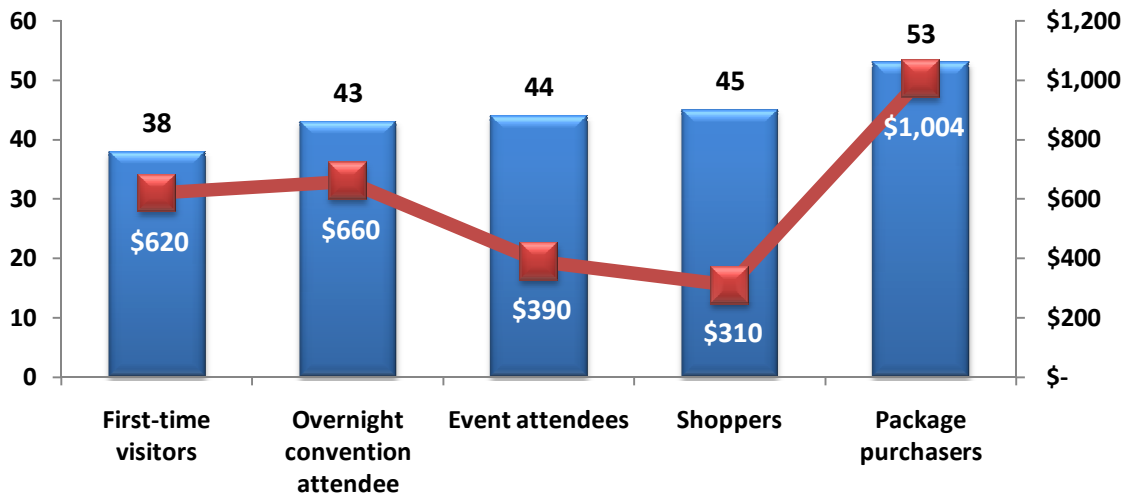
The 2008 Visitor Profile demonstrates that – in a resort that generates more than 30 million annual visits – there exist many segments, and many opportunities to expand the visitor base. These segments vary in terms of their motivation, their demographics and their spending levels. Invariably, however, these segments tend to be largely impressed by what they find – and largely appear amenable to visiting more often.

The following chart shows the level of spending by a variety of segments:



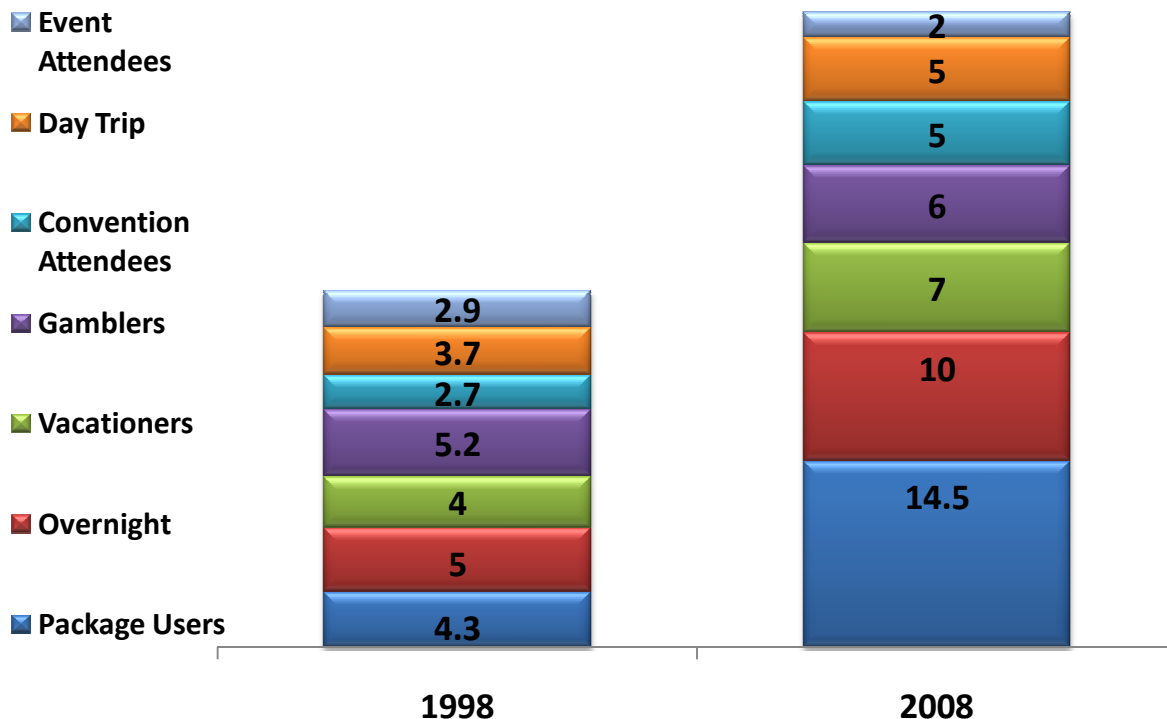
Many of these segments tend to have a combination of relative youth and relative affluence. Their youth represents an opportunity, since they will have many more years of potential visits. Their affluence is also attractive, since they would have more to spend. The following chart tracks the spending per visit and the age for a few key segments:

Age, spending per visit: segment opportunities



The 2008 Visitor Profile Study also examines trends over time in Atlantic City, and the findings are clearly positive, with many of the identified segments spending far more than they did in 1998. The following chart contrasts the number of hours in which visitors spend on gambling over the same 10-year period:

Gambling hours per trip: 1998-2008



We identified segments in various ways, from geographic areas to the primary purpose of the visit. For example, the following chart shows spending patterns from visitors from various regions in the eastern United States.¹

Note that the charts show more than the value of expanding the geographic reach of Atlantic City to a broader region, but also demonstrate the material difference in value between overnight guests and day-trip visitors.

Numerous segments appear to offer significant opportunities for future visitation, including:

- Shoppers
- Event attendees
- Convention and meeting attendees, particularly those who stay overnight

¹ For purposes of this analysis, we have included the small number of respondents from Delaware in the Pennsylvania segment.

- First-time visitors

Shoppers were one of the most notable segments on which we focused, in part because many of the shopping venues that are popular in Atlantic City today did not exist when previous visitor profiles were conducted. Those who visit Atlantic City primarily to shop:

- Visit six times per year
- Spend a median \$310 per trip, with a shopping budget of \$175
- Have a median age of 45
- Are predominantly female (75%)

Notably, 100 percent of these retail customers would recommend Atlantic City to friends or family.

Event attendees spend a median:

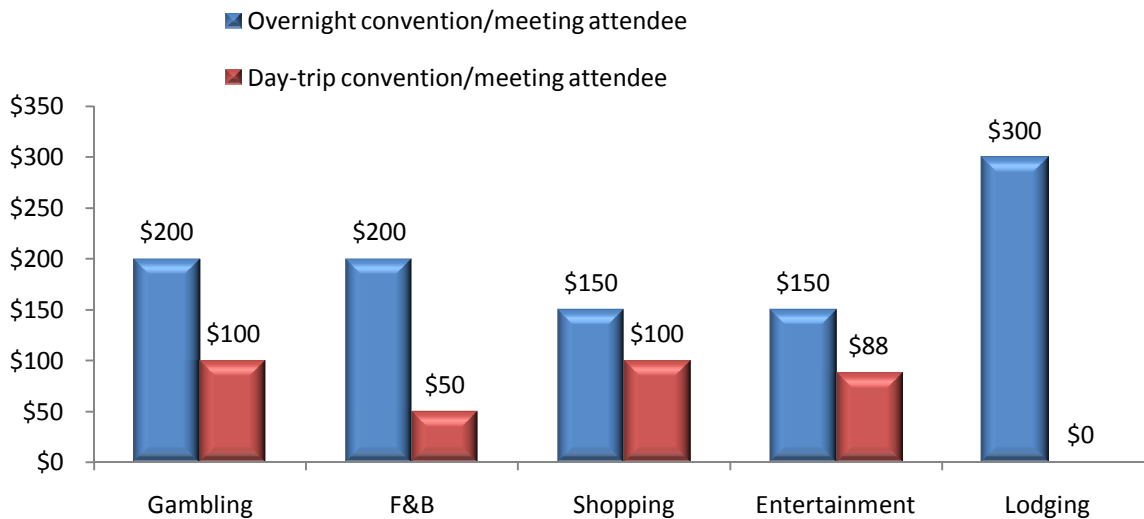
- 10 hours per visit in Atlantic City.
- \$100 on entertainment per visit, plus \$60 on food and beverage.

Convention visitors – those who come to Atlantic City to attend a convention, trade show, or business meeting – spend a median of three nights per visit, with a median overall budget of \$380. Significantly, 60 percent of convention attendees are likely to be more interested in attending a convention, trade show or business meeting because it was held in Atlantic City.

This segment has an overall median budget per visit of \$382. Of those who gamble, the median budget is \$100.

Convention and meeting attendees – particularly those who stay overnight – also remain an attractive segment, as shown in the following chart:

Convention/meeting attendees: spending per visit



Among convention visitors, Atlantic City is an attractive destination. Asked whether they would be more or less interested in attending a convention, trade show or business meeting because it was held in Atlantic City, 59.5% replied yes, while only one in 20 (5.1%) of these respondents say that they are less interested in attending because the event is held in Atlantic City.

This result compares favorably with an identical question asked in the Las Vegas Visitor Profile beginning in 2006, when 48% replied in the affirmative, as well as in 2008, when 63% of respondents said that they were more interested in attending a convention, trade show, or business meeting because it was held in Las Vegas.

General tourists – defined as those who describe the reason for their visit as “vacation/pleasure” – are also a valuable visitor segment. These visitors generally stay longer and, as a result, spend more over a single trip. However, they visit less frequently than some other segments, which limits their overall worth.

These general tourists:

- Spend a median of \$623 per visit, with a gambling budget of \$200 per visit
- Stay a median of two nights per visit
- Gamble for seven hours per visit

This group will spend a median:

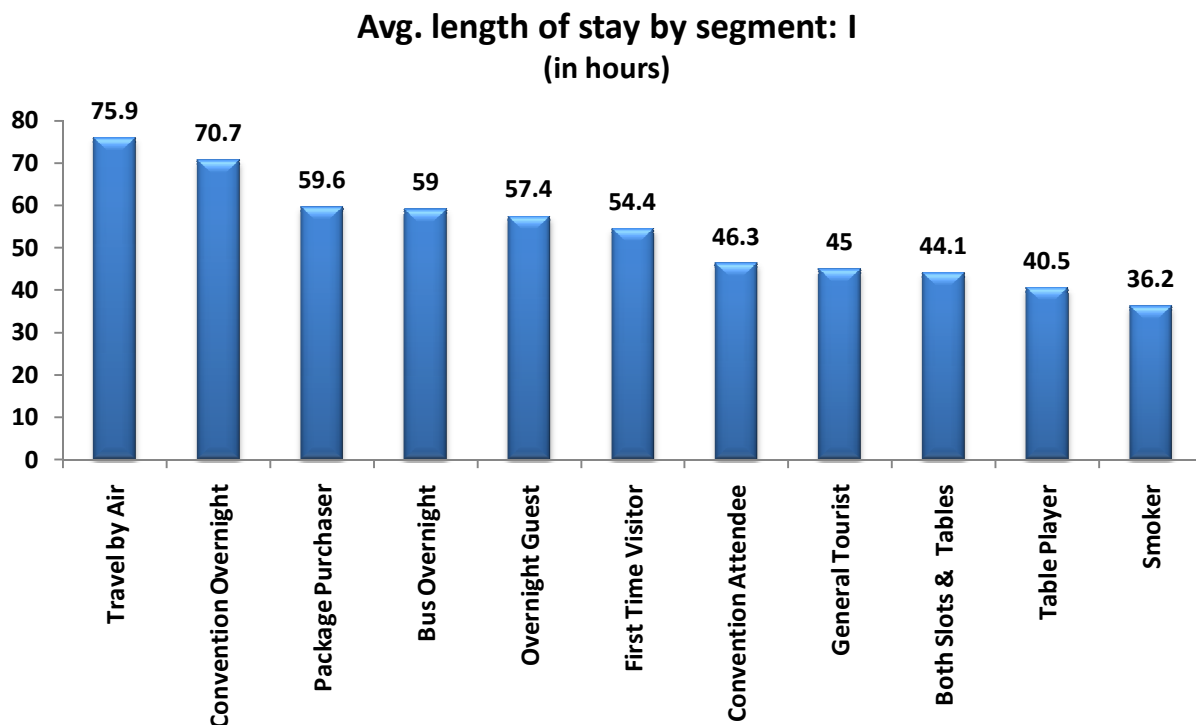
- \$268 per night for lodging
- \$200 on shopping
- \$25 on travel

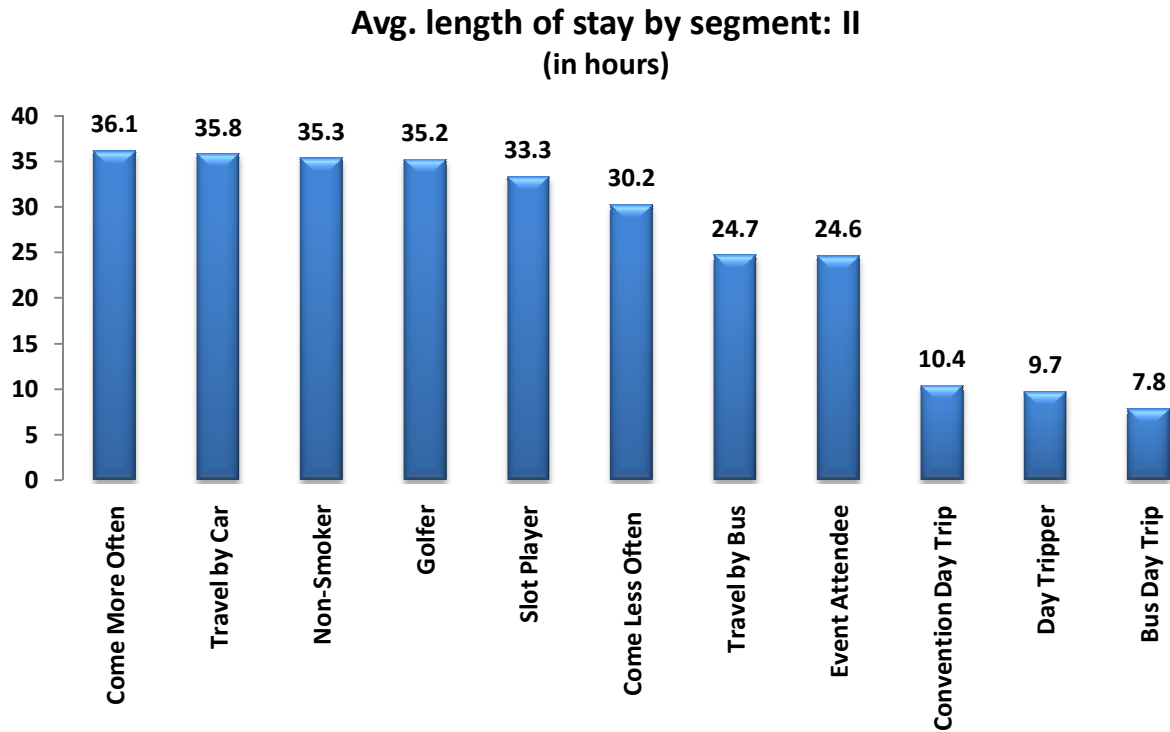
The overall survey – as well as the various segments – demonstrates that Atlantic City can attract visitors with desirable demographics.

More than one-third of those interviewed in 2008 are college graduates, up significantly from previous surveys, and while the median age remains unchanged, the proportion of retirees has declined over the past decade. The proportion of visitors with children living in the household has steadily increased over the past three survey waves. Most importantly, positive satisfaction levels (“extremely well” or “very” well satisfied with Atlantic City) have risen from the already high levels observed in a visitor profile study conducted 10 years ago, from 91% in 1998 to 94% in 2008.

Total spending per visit has increased from a median amount of \$184 in 2004 to a median of \$331 in 2008. Atlantic City visitors are now spending more on non-gaming amenities, and that the resort is evolving into a less gambling-centric and more broadly attractive tourist destination. The category where median spending has grown most is food and beverage, demonstrating that visitors in 2008 are increasingly likely to spend more on dining than they did four years ago.

Spending, however, is not the only critical metric when it comes to assessing visitation trends: Length of stay is telling, and – as the following charts show – it can vary significantly by segment:





Overall, the 2008 Visitor Profile Study demonstrates that Atlantic City's ongoing evolution into a regional destination that extends beyond convenience gambling can work. The resort has proven appeal to a variety of demographic segments, and more attractions will almost certainly improve that appeal.