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Las Vegas visitor demographics: Be careful what you wish for

Joseph Akinsete

University Of Nevada, Las Vegas

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Joseph Akinsete

University Of Nevada, Las Vegas

Table of Content

Part One

Introduction.....	3
Purpose.....	4
Statement of Objectives.....	4
Justification.....	5
Glossary.....	5

Part Two

Introduction.....	7
Target Markets.....	7
Casinos targets families	8
Target Market of the 21 st century	9
The three generations.....	11
Double edged sword of the family market.....	15

Part Three

Introduction.....	17
Results.....	19
Recommendations.....	26
Conclusion.....	27
References.....	28

PART ONE

Introduction

Targeting the correct customer is one of the most important components to owning and running a successful company. To have a great product that is marketed to the wrong customer, will result in lost profits and missed opportunities. If Wal-Mart suddenly decided to market its products to upper class Americans, it is likely we would see the company fall from the Forbes Fortune 500 list. From a motor vehicle standpoint, if Lamborghini decided they were going to market their cars to freshmen college students, it is reasonable to say they may experience a loss in sales and a negative effect on the company's image.

Identifying the correct customer will result in frequent purchases of the service or product that you provide, as these types of consumers will be your best customers. Hitt (2002) states, "making an effort to target customers like these will rapidly increase your income while creating stability for your organization."

Over the last 20 years Las Vegas has seen two drastic changes in its target customer and visitor demographics. By the late 1980's gaming revenue in Las Vegas was down as other areas in the country started to legalize gambling. In an attempt to stimulate visitor numbers the city was reinvented in the image of Disney. Themed hotels such as the Luxor and Excalibur emerged allowing Las Vegas to market itself as a place for adults to gamble while their children played at theme parks such as the one built by the MGM Grand. Circus Circus a kid's themed hotel that was built in 1976 was the only

hotel that attended to the needs of children. With the development of these new hotels Circus Circus would now face competition for the younger demographic of customers and their families. Las Vegas in the 21st century saw its second major change in visitor demographics. No longer the place for the family, Las Vegas has morphed into one of the top party cities in the world, ranking top ten in numerous different polls'. Attracting 21 – 34 years olds from all over the world, Las Vegas now ranks number one in categories such as, top destination for bachelor and bachelorette celebrations (www.AskMen.com 2009), top destination to celebrate a 21st birthday (www.ehow.com). The sudden influx of younger tourist can be attributed to the erection of new nightclubs and pool parties in many of the Las Vegas Hotels. MTV's reality TV show "the real world" portrayal of Las Vegas as a party city has also been a catalyst for the younger crowd to Las Vegas.

Purpose

The purpose of this paper is to analyze the current visitor demographics of the Las Vegas market, to determine whether or not these customers are the best type of customers to maximize hotel profits.

Statement of objectives

This paper will allow the reader to understand the broad definition of target customers and their importance to a company's success. The paper will look at how casinos have reinvented themselves over the past 20 years to attract different target markets. Information obtained from LVCVA will give insight to the demographics of the customers that currently come to Las Vegas. The visitor demographic information can then be used to break the visitors up into three groups, Baby Boomers, Generation X and

Generation Y. This will allow the reader to get an in-depth explanation into the three generations and examine the differences between the three groups. The LVCVA data will also display generations spending patterns, which will inform the reader of where each generation spends most of their time and money while visiting Las Vegas. The next part of the paper will show the different revenue streams for a hotel in Las Vegas while evaluating which parts of these operations provide the most revenue for the hotels. With the information obtained from part one and two of the paper, the reader will be able to distinguish which generation of customers is most valuable to Las Vegas from a monetary stance. The paper will also discuss Las Vegas' attempt to attract families to boost hotel revenue and the eventual failure of this campaign. The final objective of this paper is to give the reader insight to the potential impact on the Las Vegas hotel industry from the current visitor demographic.

Justification

This paper intends to provide the reader with information and research that will enhance their knowledge on the importance of targeting the correct customers for the Las Vegas hotel industry to thrive from a monetary stand point, while staying popular as a tourist destination.

There are many studies on the differences and gaps between the different generations, but sparse information is available on the generations and how they affect hotels' revenue in the Las Vegas market. This paper seeks to provide detailed information that can assist hoteliers and the LVCVA target the customers that will maximize hotel revenues.

Summary

Part one of the paper gives a brief insight into the importance of target markets to every business and the attempts Las Vegas Hoteliers have taken to find the best target market to increase hotel revenue. The next part of the paper will give a detailed explanation of target markets, also showing the differences between the generation that currently come to Las Vegas. Analyzing the differences between the generations will allow the reader to understand which target market is the best to increase hotel revenue.

Glossary

LVCVA: The Las Vegas Convention and Visitor Authority.

Hotelier: A manager or owner of a hotel.

PART TWO

Literature Review

Introduction

Identifying the correct customer for a company's product is vital to the success of any company. The ultimate goal for a Las Vegas hotelier is to attract the correct customers to their property to maximize the hotel's profits. There is an abundance of data available from the LVCVA that shows the demographics of visitors to Las Vegas and their spending patterns. This literature review will identify which demographic of customers is most valuable to the Las Vegas hotels from a revenue standpoint. After looking at marketing strategies such as the adverts used by the LVCVA, we can then see if the target customer and the most valuable customer coincide.

Target Markets

A companies best customers are those that purchase enough of your products or services that you provide, so that your company is profitable. Your best customer will generate constant income for your company and is the most desirable customer for any business. Making an effort to target customers like these will rapidly increase your income while creating stability for your organization (Hitt 2002).

With this being said, your best customer should represent your target market, and money spent on marketing campaigns should be focused on attracting these types of customers. Deciding exactly who your target market can be a difficult and time-consuming task. "Once upon a time, business owners thought it was enough to market their products or services to 18- to 49-year olds (www.entrepenuer.com). Those days are

a thing of the past. Because the consumer marketplace has become so differentiated, it's a misconception to talk about the marketplace in any kind of general way anymore”

(“Target Market”). Business strategist A. Michelle Blakely (2009) states, “you can’t be everything to everybody”. With the previous statements holding true, a company must find ways to identify its target market to become successful. There are several ways to identify your target market with the three most commonly used methods being:

- Geographic: This is the method whereby your target market is picked based on their geographic location, such as a zip code.
- Demographic: A method whereby your target market is picked based on quantifiable statistics, such as income or age.
- Psychographic: A method whereby your target market is picked based on customers lifestyles, activities and opinions.

Using one or a combination of these methods will allow a business owner to narrow down the field of people that you need to market to. If you can successfully market your product or service to the right customer base, you have a higher chance of maximizing your companies’ revenue. “The beauty of target marketing is that it makes the promotion, pricing and distribution of your products and/or services easier and more cost-effective. Target marketing provides a focus to all of your marketing activities” (Ward, 2009).

Casinos target families

In 1989 the United States saw a dramatic change in the casino gambling world, a change that would greatly affect Las Vegas and its casinos. Gaming laws were amended so that other cities in the country could own and operate hotels with casinos. Casino

gambling expanded into over one half of US states, posing the question to Las Vegas hoteliers, “Why come to Las Vegas to gamble when you can do it at home?” The answer to this question from Las Vegas hoteliers was that Las Vegas could no longer just be the destination for gamblers, but it could also be a place to bring the whole family.

Tompson, Pinney, and Schibrowsky (1996) stated, “Las Vegas was going to make itself ready for the forces of competition from South Dakota, the Mississippi River gambling boats, Indian Reservation casinos, or any other new gaming venue”. With the family market as the new focus for hoteliers within the city, “Las Vegas entrepreneurs opened three more megaresorts appealing to family markets. The MGM Grand became the world’s largest hotel with 5,000 guest rooms. The Luxor, a Circus Circus casino shaped like an Egyptian pyramid with a 10-story replica of the Sphinx at its entrance, and the Treasure Island casino, which incorporated a moat featuring gun battles between full-sized pirate ships, became must-see attractions for family visitors of all ages” (Tompson et al.). With over 1.5 billion dollars of investments in the new projects, Las Vegas hoteliers were very excited and confident that going after a new demographic of customers would stimulate visitor numbers and increase hotel revenues. No one was more excited than Larry Woolf former CEO of the MGM Grand. As commander in chief of the 1 billion dollar project touted at the time as the biggest hotel in the world, “he envisioned a Las Vegas as popular with families as it was for adults” (Adams, 1993). Woolf stated, “Only fifteen percent of all the people in the United States have ever visited Las Vegas and only five or six percent of current visitors are under eighteen” (Adams, 1993). These were the stats that caused investors to pump one billion dollars into the MGM Grand, Hotel and Theme Park. The hotel was erected as an Emerald city on the

Las Vegas Boulevard. Within this city was a 33-acre theme park that would boast 12 different attractions. To further attract families, the hotel offered a “youth hotel”--a childcare facility to allow hotel guests and theme park visitors to leave children in supervised activity while they pursue more adult activities. (Adams, 1993). To top off the wide variety of children activities there was also a 30 game video arcade inside of the hotel. The bold steps taken by the MGM and its neighboring hotels sought to form somewhat of a conglomerate, combining the dynamic worlds of Sin City and Disney.

Target market of the 21st century

At the turn of the 21th century Las Vegas made a U Turn in its target market, the city that was promoting Las Vegas as a family destination with themed hotels and amusement parks decided to move forward by looking back (Gebhart, 2003). Las Vegas hoteliers reverted to advertising Las Vegas as an adult destination, as it was in the “hey day of the Rat Pack” (Gebhart, 2003). Las Vegas was now going to target tourists that were interested in gambling, drinking, sex and other adult activities (Gebhart, 2003). The LVCVA drifted away from promoting the city as a family destination and created many TV ads that used the slogan “What happens here stays here” (“City target adult”, 2003). The new ads were designed to evoke adult fantasies, by using tantalizing plots that depicted scenes such as a woman in steamy flirtation with her limo driver, but as she leaves the car she adopts the guise of a businesswoman (Wood, 2005). Ironically Las Vegas a city that was reinventing itself was now offering a playground where adults could reinvent themselves and become whoever they wanted during their stay in the city.

Although Las Vegas was going back to attracting adults there was something different this time around, a new demographic of customers born in 1980 were also able to indulge in the activities that Las Vegas had to offer. This demographic of customer

who are also referred to as Generation Y are the demographic of customer who can party all night and can go for days on very little sleep (Haussman, 2007). The Maloof family was one of the first hoteliers to really go after this generation of customers by building the Palms Casino Resort. Two years after it was built the hotel served as host for MTV's reality TV show "the real world" (Cooper, pg5), the show was one of the catalysts for the influx of generation Y customers to Las Vegas. The Real World focuses on the lives of 8 strangers aged 21-25, who live together in a city picked by MTV for three months (Wikipedia). The show made the Palm's hotel Ghost Bar the hottest spot in Las Vegas. Cooper (2004, p. 5) stated that the Ghost Bar was "So hot that even on a slow Tuesday night in the dog days of summer, with nothing to offer but pricey drinks, ear-splitting techno, and starling views, it can still command a ten dollar cover just to get in the door". In his book *The Last Honest Place in America* he describes his experience in Ghost Bar and how he was surrounded by a swarm of young people, most of them on their first visit to Las Vegas. The success of Ghost Bar caused other hoteliers to build new bars and nightclubs within their hotels that appealed to this generation of customers. Body English was opened in the Hard Rock hotel, the Mirage Hotel opened Jet Night Club and The Palms opened Moon, this was just a few of the many clubs that appeared in the Las Vegas hotels. Hotels began to host concerts featuring artists such as 50 Cent, Eminem and Brittany spears. This coupled with celebrity appearances at nightclubs from stars like Paris Hilton and Justin Timberlake, had generation Y knocking at their doors.

In 2004 the Hard Rock Hotel gave birth to Rehab pool party, taking entertainment one-step further by creating the Las Vegas phenomenon called "daylife" (Hodge, 2009, p. 26). Damon Hodge a writer for the hospitality magazine *Travel Weekly* description of

Rehab is very similar to that of Marc Coopers experience at Ghost Bar. “A night on (or was it in) the water: DJ, booming sound system, overpriced drinks and gorgeous cocktail servers” (Hodge, 2009, p. 26). Despite the pool party’s oxymoronic name of Rehab and competitions from other pool party destinations around the country, Rehab was ranked the number 1 pool party in the US on www.travelpost.com in 2009. Once again hoteliers followed suit and several pool parties have appeared throughout Las Vegas. The combination of the above factors has made Las Vegas one of the most popular destination for generation Y. The question in point is whether or not this is the optimal target market to maximize hotel revenues?

The Three Generations

There are three different generations of customers that are able to visit Las Vegas and legally take part in all the activities that are offered in the city. Each generation has different traits and behaviors, which will effect their motivation for visiting Las Vegas and what they spend their money on while in the city.

The first generations of customers are called baby boomers, they were born between 1946 and 1964 and represent nearly 76 million people within the U.S. (Cochran, Stoll, Kinzinger 2006). Baby Boomers are the most influential generation in US history, and due to their high levels of education they are also the most prosperous (Cochram *et al* 2006). Their lives were influenced by a variety of different events and people, such as the Cold War and Vietnam, civil rights, a sexual revelation, Beach Boys, Elvis and minivans (Cochram, *et al*). 2011 will see a high rate of retirement in the U.S. work force, as the first wave of baby boomers will turn 65 (Cochram, *et al*). The traditional thought of aging and retirement for this age group is that of decline and dependency, as this was the experience for baby boomers parents and grandparents (McCormack, Cameron,

Campbell, Pollock 2008). Contrary to popular belief baby boomers are much healthier than their parents, and are not allowing the aging process to affect their lifestyles in a negative manner (Cochram, *et al*). Mackay (2007) states, “Baby boomers are the generation that have traditionally challenged ideas about society”, with this being said they could also be the generation that challenges the traditional ideas of ageing and retiring (McCormack 2008). Baby boomers know what they want from retirement, a lively and entertaining experience (Cochram, *et al*). This coupled with the fact that “they make up a quarter of the U.S. population, but control more than half of all discretionary income” (Rowe 2008), makes them an ideal target market for Las Vegas hotels. Typically having a lot of money to spend baby boomers visiting Las Vegas seek a variety of activities. They not only wish to gamble, but they want to dine at the finest restaurant and see the best shows (Hausman, 2007). Being that most of them have finished raising their children (Hausman, 2007), and are reaching retirement age allows them to make more than just one trip a year to Las Vegas. Baby Boomers do not generally like change (Rath, 1999), meaning when they come Las Vegas they are most likely going to stay loyal to one particular hotel or hotel group. Loyalty is one of the main focuses for Las Vegas hoteliers as loyal customers vastly increase hotel revenues.

There were approximately 57 million people born between 1966 and 1979, they make up almost 21 percent of the U.S. population and are referred to as generation X (Sherman 2008). As the children of baby boomers, generation X was born into volatile times that saw many changes in U.S. society (Kupperschmidt, 1998). Their lives were shaped in an era that saw the liberalization of divorce laws, the introduction of birth control and the legalization of child abortion (Kupperschmidt, 1998). During this time the

U.S. family dynamic saw great changes, smaller families became the norm and it was no longer abnormal to see single parent families. Their baby boomer parents were more concerned about their jobs than being at home to raise the family. Latchkey kids as referred to by (Rowe, 2008), (Sherman 2008) and (Kupperschmidt, 1998), generation X children often had their own house keys and came back from school to empty homes. Motivated to advance in their jobs generation X parents, often moved around for their careers, meaning that generation x did not spend a lot of time in one community. This caused them to have a lack of trust and loyalty to any one place or person. Professor Betty Kupperschmidt (2008) describes generation X as a “cynical, materialistic generation devoid of work ethic; a generation unwilling to “pay their dues” and unlikely to match their parents economic success” These traits make generation X a very difficult target market, as they are a generation that tends “to be disdainful of rules and distrusts institutions” (Sherman, 2008). If one does not trust anyone, it is highly unlikely that one will stay loyal to anything in particular. Las Vegas hoteliers spend millions of dollars a year developing customer loyalty programs, as loyal customers can vastly increase hotel revenues (Myongjee 2007). It is then imperative for hoteliers to target the right generation of customer to maximize hotel revenue. Targeting a generation that does not have much loyalty to begin with may have adverse effects on the Las Vegas Hotel industry. When generation X visits Las Vegas they are also looking for a variety of activities similar to their baby boomer parents. As they are still moving up the corporate ladder they are still “gaining power and income” (Hausman, 2007). Being that they are less affluent than their parents they are looking for the same experiences in Las Vegas without “breaking the bank” (Hausman, 2007).

The final demographic of customers that are able to take part in Las Vegas' adult activities are named Generation Y. There are approximately 75million of them that were born between 1980 – 1999 (Rowe, 2008). Born into an era that witnessed calamitous events such as the Columbine high school shootings, 911 and colossal changes in technology, this generation of customers is unquestionably different to those previously. A highly nurtured generation, they require praise and feedback for everything that they do (Sherman, 2008). They are extremely tech savvy and highly scheduled which has made them very good at multitasking (Sherman, 2008). Dissimilar to their generation X parents they love to network, although it is through unconventional methods (Sherman, 2008). Facebook, Twitter, Myspace and text messaging are their preferred means of keeping in touch with friends and family (Sherman, 2008). Access to so much information and technology makes them extremely hard to market to, as they become bored very fast and are “addicted to change” (Sherman 2008). Having an “inbred cynicism of major brands” (Travel Trade Gazette 2008), generation Y is often considered a disloyal group (Hana, 2009). Many of them still live at home, so they have a higher disposable income than generation before did at their age (Sherman, 2008). This allows them to indulge in “premium cars, electronics, vacation, liquors and cigars” (Sherman, 2008), also unlike previous generations. Although they have more money at an early age, they do not have as much disposable income in comparisons to the two generations before. This is why when they visit Las Vegas they come in groups and will often share a hotel room between four people (Haussman, 2007). Their main reasons for coming to Las Vegas are very different to the two generations prior. They wish to party all night, continuing throughout the day. Highly motivated by what their peers think they want to

be seen at the best parties in town (Haussman, 2007). Not as concerned with fine dining and shows they prefer to spend their disposable income on bottle service (Haussman, 2007) at the many different nightclubs throughout Las Vegas.

Double edged sword of the family market.

Despite the fact that 1993 was an extremely competitive time for the Las Vegas hotels, targeting the family market increase visitor number (Waddell). Due to the construction of hotels such as the MGM Grand and the Luxor, visitor numbers increased from 23.8 million in 1993 to 28.2 million in 1994 (Waddell). Travel agents across the country claimed that they were sending more families to Las Vegas than ever before, since the opening of the new hotels (Are Families Flocking 1994). Las Vegas was able to increase its potential market size, which in turn should have drastically increased gambling dollars brought to the city (Tompson et al). In 1994 hotel room occupancy went up to 89% an improvement on the year before. Despite the fact that there was an extra 11500 rooms in the city than the year before, the new target market flocked to the city to fill vacant rooms (Tompson et al).

The ultimate goal of attracting more visitors to Las Vegas was to increase gambling dollars. Visitor numbers increased, but hoteliers did not see the increase in hotel revenues that they were looking for. This was due to the fact that as the amount of families increased in Las Vegas, the number of non-gamblers also increased (Tompson *et al*). Casinos were built with gambling dollars, and for the new hotels to become successful they needed families to gamble (Waddell). In 1994 adults with children made up a mere 16% of all visitors to Las Vegas (LVCVA 1994). Thompson 1996 stated that “if the percentage of visitors bringing children with then climbs to 25%, the percentage of

non gamblers will increase to 33%, even you assume that the parents are as likely to gamble as other Las Vegas visitors. This would represent a 120% increase in the number of non-gambling visitors”. The next problem with family visitors is that even if the parents of families do gamble they are most likely to be low rollers (Thompson et al). This is due to the fact that research shows parents tend to be price conscious when they are with their children, usual spending most of their allocated vacation dollars on their children and family activities (Tompson et al). Data from 1993 showed that casinos generated \$4.5 billion dollars in gaming revenue, with a total of 23.5 million visitors to Las Vegas “These numbers represented a per capita gambling revenue of \$192.” 1994 saw the number of tourist jump to 28.2 million, causing gaming revenue to also increase to a record \$5.1 billion (Thompson et al). Although Las Vegas saw an increase in visitor numbers and gaming revenue, per capita gambling dollars went down to \$180. Although these changes only brought a 6.25% decrease in gaming dollars, research showed that if this trend continued it would have detrimental effects on the Las Vegas hotel industry . Another problem that the new target market may have caused is that, Las Vegas had always been known for its nightlife, gambling and adult entertainment. As Las Vegas started to loose this image, it started to gain the persona of many other family destinations across the country. The danger with this is that regular Las Vegas tourists may seek other gaming destinations to find the Las Vegas of old. One of the new major problems that Las Vegas had to face with this new demographic of customers were security issue. Casinos would now have to deal with minors gambling and drinking and potential lawsuits that could occur from these issues. With the amount of minors tripling within the casinos there was no way for properties to provide adequate security. (Tompson et al).

The combinations of the problems that the hotels now faced far outweighed the benefits from the new target market. This is why Las Vegas made a u-turn in its target market at the start of the new century. The question at hand now is whether or not the influx of generation y could also have a negative impact on the Las Vegas casino industry.

Summary

The information in the literature review gives the reader in-depth information into the transformations Las Vegas has undergone in order to attract the optimum target market to increase hotel revenue. The differences shown between the three generations, gives the reader an idea of which generation is the best target market to maximize hotel revenue. Part three of the paper will display revenue from two Las Vegas properties, combined with the revenue contribution of each generation. This will allow the reader to know exactly which generation Las Vegas should be targeting.

PART THREE

Introduction.

Part three will provide an analysis of 2008 LVCVA visitor data, which will relate to the different generations from the literature review. The data will show a break down of Las Vegas visitors based on their generation also displaying their spending patterns. The purpose of analyzing this data is to display which generation is most valuable to Las Vegas Hotels from a monetary standpoint. These facts will provide hoteliers with information that will assist them with the revaluation and determination of target market segments.

As customer generation data is not available from individual properties, data collected from the LVCVA will be used as generalized information that can be applied to different hotel properties. Financial information from MGM Mirage and Wynn Resorts will provide information that will display which part of hotel revenue came from hotel room rate, gaming and entertainment. These two hotel groups have been selected as they both have the different elements of attraction for the three generations that were discussed in the literature review. Applying the data from the LVCVA to the financial statements from each hotel group will display the contribution of each generation to different revenue streams within the properties.

Results

Table 3.0 MGM Grand 2008 revenue breakdown

<i>Year Ended December 31</i>			
	2008	2007	2006
Revenues			
Casinos	\$2,975,680	\$3,239,054	\$3,130,428
Rooms	1,907,093	2,130,542	1,991,477
Food and Beverage	1,582,367	1,651,655	1,483,914
Entertainment	546,310	560,909	459,540
Retail	261,053	296,148	278,695
Other	611,692	519,360	452,669
	7,884,195	8,397,668	7,796,733
Less Promotional allowances	(675,428)	(706,031)	(620,777)
	7,208,767	7,691,637	7,175,956

Total Revenue = \$72 billion

38% of revenue came from gaming dollars.

24% of all revenue came from rooms

20% of all revenue is from food and beverage.

7% of revenue is from entertainment

3% of revenue is from retail

8% of revenue is from other operations.

Table 3.1 Wynn Las Vegas 2008 revenue breakdown

	2008
Casino	\$353663
Rooms	\$170315
Food and beverage	173,700
Entertainment, retail and other	125,797
Gross Revenue	833,475

Total Revenue = \$8.3 billion

42% of revenue came from gaming dollars

20% of revenue came from Rooms

21% of revenue came from Food and Beverage

15% of revenue came from entertainment, retail and other

As previously stated in the literature review Las Vegas casinos are built from gaming dollars, this is even more apparent from looking at the revenue breakdowns of the two hotel groups selected. Thirty eight percent of MGM Mirage's total revenue was from gaming. Wynn properties had a similar number with forty two percent of all revenue from gaming. For the purpose of this paper it is assumed that nightclubs and pool parties fall into entertainment revenue contribution for MGM Mirage properties and

entertainment, retail and other for the Wynn. At both hotels groups the entertainment section was the lowest contributor to hotel revenue, MGM Mirage entertainment revenue was 8% of total revenue and Wynn's entertainment contributed to 15% of total revenue.

Table 3.2 LVCVA visitor break down by generation.

	Everyone	Generation Y 21-24	Generation X 25-42	Late Boomers 43-52	Early Boomers 53-63	WW II 64+
	3596	156	1113	810	729	750
Percent of adult visitors	100%	4.4%	31.3%	22.8%	20.5%	21.1%
Estimated # of visitors	40,000,000	1,753,794	12,512,648	9,106,239	8,195,616	8,431,703
# of times visited in last 5 years	6.32	3.13	6.21	6.61	6.28	7.03
# of times visited in the last 12 months	1.76	1.46	1.78	1.75	1.73	1.86
Purpose of trip to gamble %	11.20%	6%	7.3%	8.5%	16.10%	17.30%
Nightclubs importance in deciding to visit	19%	72.2%	28.5%	14.6%	6.9%	7.03%
% Visited nightclub with cover charge	3.60%	22.6%	6.9%	1.8%	6%	0.0%
# of people staying in a room	2.15	2.54	2.26	2.07	2.07	2.03
% of people staying 4 or more to a room	8.0%	23.3%	12.5%	7.9%	4.2%	2.3%
Average # of hours gambling	3.39	1.65	2.86	3.25	3.58	4.39
Gambling Budget (in dollars)	556	220	418	515	763	678

Food and drink Budget	254	194	253	270	282	222
Shows (Dollars)	48	32	43	54	58	42
Total spent while here (Dollars)	1049	594	918	1052	1326	1064
Total spent per night stayed (Dollars)	299	210	279	301	359	279
Direct casino \$ per trip	732.32	339.22	581.04	699.30	951.96	877.47
Income Less than \$20,000	2.0%	36.2%	1.3%	0.0%	0.0%	0.3%
Income more than \$80,000	40.3%	13.8%	45.0%	57.5%	48.0%	13.9%
Average Income	\$76,690	\$44,149	\$78,199	\$87,985	\$86,108	78,182

For the purpose of this paper generation Y, generation X and early baby boomers will be compared to each other to determine which demographic of customers are most valuable to the Las Vegas Hotel industry from a monetary standpoint.

Looking at the LVCVA data we can see that generation x accounted for the largest amount of visitors to Las Vegas in 2008, totaling an estimated 12.5 million visitors. Early baby boomers came in third with 8.1 million visitors, while generation y had the smallest amount of visitors, totaling 1.7million. Just from these numbers alone it is reasonable to say that the first two generations have the highest ability to contribute more to hotel revenue, simply because they make up such a large proportion of total visitors to Las Vegas.

As stated in the literature review casinos are built on gambling dollars, looking at the column “purpose of trip to gamble”, a minuscule 0.06% of generation y purpose of coming to Las Vegas was to gamble on their vacation. This means that from the 1,753,794 that visited Las Vegas in 2008 only 105,227 of these visitors intended on gambling. On the other hand 16.1% of early boomers purpose of their trip to Las Vegas was to gamble, totaling 1,319,494 of the 8,195,616 that visited the city. This leaves a difference of 1,214,267 between the generations, even more interestingly this number almost totals the amount of generation y customers that come to Las Vegas in total. Although generation x had the largest amount of visitors, they still had a smaller amount of visitors that’s purpose of their trip was to gamble compared to early baby boomers. 7% of generation x visitor’s purpose of their trip was to gamble totaling 9,134,233.

Both Wynn and MGM Mirage lowest contributor to hotel revenue was the entertainment portion. It can be assumed that Nightclubs fall into the portion of the entertainment revenue. Also it must be noted that nightclubs are not the only portion of entertainment revenue as shows and special events that casinos host will also fall into this category. The data from the LVCVA shows that 72.2% of generation y made their decision to come to Las Vegas based on the nightclubs that are available in the city. Twenty two percent of generation visitors also visited a night club that had a cover charge. When compared to early baby boomers only 6.9% of visitors made a decision to come to Las Vegas based on the available night clubs, and 6% of them visited a night club with a cover charge. This tells us that generation y contributed heavily to the part of hotel revenue that is the smallest portion of total revenue.

Early baby boomers came in second in regards to average hours gambled while in Las Vegas. They gambled an average of 3.58 hours during they stay in, almost a whole 2 hours longer than generation y and almost 1 hour longer than generation x. With a gambling budget of \$763 dollars for their trip generation x budget was \$543 dollars higher than generation y and \$345 more than generation x. Considering that baby boomers have more visitors than generation y to Las Vegas, spends more time gambling and had a substantially higher gambling budget, the differences in terms of casino revenue generated are astronomical.

When looking at expenditure such as food, shows and travel each generation spent a similar dollar amount, but comparing the numbers in total spent while in Las Vegas there is a large difference. Generation Y on average spent a total of \$594 during

their stay, compared to \$1326 that baby boomers spent. This was a difference of \$732 between the two generations. Generation X spent \$918 while in Las Vegas also less the baby boomers, once again these gaps in spending will result in large difference in hotel revenue.

It is apparent from the data that baby boomers should be the primary target market for Las Vegas hotels. Although this is clear from the data, Las Vegas is heavily targeting generation y. New nightclubs and pool parties are constantly being erected, XS, Haze, and eve are just a few of the many that have appeared over the last couple of years. LVCVA commercial tend to be enticing to the younger generation as they often portraying images of partying day and night.

Recommendation

Soon there will be millions of retired baby boomers, seeking travel destinations that will fulfill their wants and needs. Las Vegas has all of the necessary attraction to fulfill these needs, although the one thing that could possibly deter baby boomers from visiting Las Vegas, is the amount of generation Y tourist that are currently visiting the city. Las Vegas has become so popular with generation Y, it is possible that it could acquire the stigma of a spring break destination similar to Cancun. Baby boomers are not interested in the same activities as generation Y as shown in the LVCVA data, which could have the negative effect on the city such as the family market did. Gamblers did not want to have children running around casino floors and crying while they were gambling. Taking this into account it is likely that baby boomers do not want to be around drunk and loud generation y adults. Just as in the family target market time, baby boomers may revert from Las Vegas choosing alternative gambling destinations.

Hoteliers should reconsider constantly building new nightclubs, as nightclubs bring problems such as loutish behavior from its attendees, security issues and the possibility of making baby boomers feel uncomfortable. Although hoteliers should not completely get away from targeting generation y, as they are the market of the future, there should definitely be a renewed effort to attract more baby boomers.

The LVCVA should tweak marketing campaigns so that they depict people of similar age of baby boomers, so that they feel Las Vegas is also a place for them to visit and not just younger generations.

Conclusion

Currently Las Vegas hoteliers have been able to create equilibrium within the city, where all three generation can coincide. The question at hand is at what point this equilibrium will become disrupted causing a negative effect to hotel revenue. Currently the number of generation Y visitors is greatly outnumbered by baby boomers. This could change with the current marketing tactics currently in place. The youngest of the baby boomers will be around for at least the next 20 years and this is the generation of customers with the highest spending power. It is important to keep Las Vegas a popular destination for all three of the generations as it is vital to build loyalty amongst the three groups, but it is also important for hoteliers not become overzealous in attracting the younger generations at this point of time. With this in mind the information displayed in the paper points to baby boomer as being the best target market to increase Las Vegas hotel revenue.

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