URBAN DEVELOPMENTS

G3 interviews **Phil Urban**, Managing Director, **Grosvenor Casinos,** the UK-based business whose acquisiiton of rival Gala-Coral will make it the largest casino gaming operator in Britain

GROSVENOR CASINOS IS ONE OF THE MOST SUCCESSFUL GROUPS IN THE UK, WHAT HAVE YOU BEEN DOING SO RIGHT?

There is no silver bullet when it comes to building any successful business, however I do believe that any business is only as good as the people in it. We have a great team of professional people who are passionate about what they do. So if I had to pick one thing, I would say the success we have had over the last few years has been built on our Team and our desire to do our best to exceed the expectations of our customers.

THE G CASINO CONCEPT SET A NEW BENCHMARK IN THE UK, GRASPING THE HIGH VOLUME, LOW TICKET 'NETTLE' BEFORE ANYONE ELSE AND PROVING THAT THE MODEL CAN GROW THE PLAYER BASE AND (MOST IMPORTANTLY) BE PROFITABLE. WHAT CURRENTLY DEFINES G CASINO AND HAS IT EVOLVED SINCE LAUNCH?

We continue to try and evolve all that we do, so the 'G Casino' concept has definitely evolved too. The philosophy is simple, which is to continue to broaden the appeal of our venues by added amenities, entertainment and service levels, whilst still having gaming at their heart. The most successful clubs have managed to balance the needs of our more transactional customers, with those of the leisure-driven visitor. However, we also have to keep our share-holders happy, so we do not over-engineer our businesses, to ensure that we generate returns for them as opposed to just working hard for our landlords!

THE SUPPORT FROM STAFF AND INVOLVEMENT FROM PLAYERS AT GROSVENOR CASINO EVENTS IS REALLY NOTICEABLE - IT'S SOMETHING THAT LOOKS NATURAL, BUT THERE'S OBVIOUSLY A LOT OF WORK BEHIND THE SCENES TO CREATE THIS INVOLVEMENT BETWEEN THE TEAM AND PLAYERS - WHAT'S THE SECRET?

NEW VENUES GROW THE OVERALL MARKET, AND WHILST THEY CAN HURT BUSINESS IN THE SHORT TERM, OVER THE LONG RUN IT IS GOOD FOR THE INDUSTRY.

No rocket science here. Treat people the way you'd like to be treated, and you won't go far wrong. We want everyone in the Grosvenor Team to enjoy what they do, and when this happens, it is very evident in the way they engage with the customers.

GROSVENOR CASINOS IS THE VERGE OF BECOMING THE UK'S BIGGEST CASINO OPERATOR. COULD YOU TELL US A LITTLE MORE ABOUT THE STRATEGY BEHIND THE GALA ACQUISITION? GIVEN THE DECISION TO INVEST IN A COMPETITOR, YOU MUST FEEL THAT FIRSTLY THERE IS STILL VALUE IN THE 'OLD STYLE' LICENCES AND SECONDLY, THAT YOU CAN IMPROVE ON WHAT GALA IS CURRENTLY OFFERING? HOW WILL YOU DO THIS?

Although we have gained clearance from the Competition Commission, Gala and Rank still need to agree the deal, and therefore I cannot comment further.

WHAT IS THE INTEGRATION STRATEGY WITH REGARDS TO GALA? WILL YOU BE REFURBISHING AS G CASINOS? GIVEN YOUR DESIRE TO EXPAND, WHY DIDN'T YOU GO FOR THE LARGE AND SMALL LICENCES?

Regarding Gala, please refer to the comment above. As regards the 05 licences, we did bid for and lost out on the Milton Keynes large licence and we have been involved in others. The bottom line is that we will not over pay for a licence.

DO YOU THINK THE EXISTING CASINOS FROM THE 1968 ACT WILL BE ABLE TO COMPETE AGAINST THE NEW STYLE CASINOS? WHAT ABOUT IN AREAS WHERE NEW AND OLD ARE BOTH IN OPERATION?

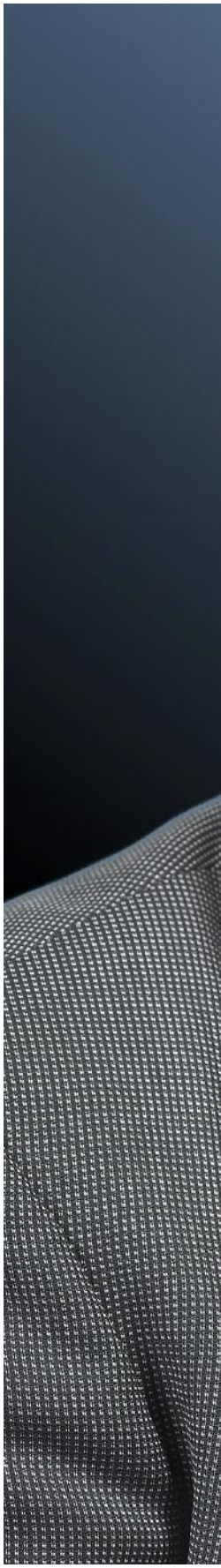
There is clearly an 'un-level playing field' between the 68 Act licences and the 05 licences. I have no doubt that customers will want to go and experience the larger 05 venues, but I see no reason why a 68 Act casino cannot continue to be successful, if its service levels and standards are maintained. New venues grow the overall market, and whilst they can hurt an existing business in the short term, over the long run it is good for the industry.

DO YOU THINK THE PLAYING FIELD IS LEVEL? IS THERE ANYTHING THAT YOU ARE PUSHING FOR GOVERNMENT TO CHANGE?

As I said above, the 05 licences do have an advantage over the 68 Act licences, which in the mid-term has to be addressed. We are part of NCIF, and alongside our industry colleagues, we continue to lobby for a number of changes that can benefit the economy, our customers as well as the casino operators. This includes parity in slot machine numbers between the 05 and 68 Act licences, as well as Portability of 68 Act licences.

IS THE COMPETITION COMMISSION'S STRIPPING OF FOUR GALA CASINOS FROM THE DEAL FAIR? WHAT ABOUT RANK'S UNDEVELOPED LICENCE IN EDINBURGH?

It is now public knowledge that the



Competition Commission (CC) ruled that should a deal between ourselves and Gala complete, four clubs and our own cold licence in Edinburgh, cannot form part of that deal. The CC were an impressive body who I think gave us a fair hearing. They have a job to do and I understand the logic of their decision.

WHAT ARE YOUR VIEWS ON THE GOVERNMENT'S DECISION TO ALLOW LARGE AND SMALL BUT NOT SUPER CASINOS? WAS IT FAIR THAT MANCHESTER, LONDON (WEMBLEY), LONDON (O2), BLACKPOOL, SHEFFIELD, NEWCASTLE, CARDIFF AND GLASGOW ALL GOT NOTHING? DO YOU THINK GOVERNMENT WILL REVISIT THIS AT A LATER DATE?

I have been in the Casino industry for four years and the one thing I have learnt is to never be surprised by the legislation and decisions of the past! I do not have a strong view on the Super Casino debate, but I do think that in time Government will have to re-think the legislation surrounding our sector. Some areas have several licences, that due to the level of competition will probably never be used, whereas other parts of the country are a long way from the nearest club. In a modern progressive society, this does not make sense to me.

SEVERAL NICHE CASINOS HAVE OPENED IN THE UK WITH ASPERS WESTFIELD, THE PLAYBOY CLUB AND THE HIPPODROME ALL PITCHING TO DIFFERENT MARKET SEGMENTS. ARE YOU HAPPY TO LET THESE OPERATORS DIVERSIFY WHILST YOU OFFER A SIMILAR PRODUCT THROUGHOUT YOUR ESTATE? HOW WOULD YOU DESCRIBE THE RANK CASINO MODEL? HOW WOULD YOU DESCRIBE THE CURRENT UK SECTOR?

Of the three clubs mentioned, I would only describe The Playboy Club as at all 'niche'. The Hippodrome and Aspers Westfield are large impressive casinos, both still aiming for broad appeal, and having the scale to also cater for more transactional market segments. Am I happy?....well I enjoy competition and it keeps us on our toes!

However as I stated earlier, our G Casino concept continues to evolve and also caters for a mixture of customer segments and I am confident that they will continue to thrive. Within the London market our flagship sites also continue to grow and can hold their

own against the new entrants. The UK casino sector is continuing to move forward, slowly changing the perceptions of the industry, and becoming a more accepted and mainstream part of the UK leisure market. We have a long way to go, but all the Operators that you mention are playing their part in leading that change.

LAST YEAR SAW THE LAUNCH OF GROSVENOR'S FIRST TV AD. HOW SUCCESSFUL WAS THIS? HOW WOULD YOU DESCRIBE YOUR TARGET DEMOGRAPHIC? IS THIS DIFFERENT COMPARED TO YOUR AVERAGE PLAYER?

We recognise that our digital business is still very small. The above the line advertising was fairly low key, but we have proven that there is an audience we can reach and that we can affect their behaviour, so we are very pleased with the results. Our ambition is to create a leading digital offer that is 'joined up' with the land based business, so that whenever a customer interacts with Grosvenor Casinos, they get a consistent experience and are welcomed as part of the Grosvenor family.

WE HAVE HEARD REPORTS THAT THE RANK GROUP IS LOOKING TO SELL BLUE SQUARE - WHAT SHOULD CASINO OPERATORS IN THE UK BE LOOKING TO ACHIEVE WITH THEIR INTERACTIVE/MOBILE/ONLINE OFFER? HOW DOES GROSVENOR CASINOS LOOK TO INTERACT WITH ITS CUSTOMERS AND TEAM IN THE ONLINE SPACE?

"All of our casinos and our digital channels operate under the Grosvenor brand. The Grosvenor G concept is our larger scale venue where we are able to offer a fuller range of amenities. The provincial Grosvenor Casinos are smaller in scale and whilst they share the same culture and ethos of the G concept, they cannot offer the same range of amenities."
Phil Urban, Managing Director, Grosvenor Casinos.

I will not comment on Blue Square. I think all retail and leisure businesses have to embrace the blurring of boundaries between the real and virtual world. Technology will play an increasing role in all our lives, and therefore in land based leisure offers too. So our objective is to make the experience of playing with Grosvenor as consistent and 'joined up' as possible across all of our channels. I am sure we are not alone in recognising this.

MALAYSIAN-OWNED GENTING HAS RECENTLY REBRANDED ITS FORMER STANLEY CASINOS ESTATE TO GENTING CLUB. WITH RANK MAJORITY CONTROLLED BY GUOCO GROUP, OWNED BY MALAYSIAN BILLIONAIRE QUEK LENG CHAN ARE WE LIKELY TO SEE ANYTHING SIMILAR AT RANK?

Our majority share-holder has been immensely supportive of everything we have done and will help us to develop all aspects of our business.

THE GROSVENOR BRAND IN MANCHESTER HAS SWITCHED BACK TO ITS PREVIOUS INCARNATION-SOAMES FOR ITS CHINA TOWN PROPERTY ON GEORGE STREET. WHAT IS THE THINKING BEHIND THIS AND IS THIS SOMETHING WE MAY SEE MORE OF IN THE FUTURE?

All of our casinos and our digital channels operate under the Grosvenor brand. The Grosvenor G concept is our larger scale venue where we are able to offer a fuller range of amenities. The provincial Grosvenor Casinos are smaller in scale and whilst they share the same culture and ethos of the G concept, they cannot offer the same range of amenities.

However, we also operate a few clubs that are known by their own name e.g. The Victoria or the Park Tower in London, and these 'bespoke' clubs are endorsed by the Grosvenor brand. In other words, they too share the same culture and ethos, but they are individual in their respective markets. Our club in George Street Manchester was still known locally as Soames, and we have simply restored its individuality, but once again clearly endorsed by the Grosvenor brand.

ASIDE FROM YOUR CASINOS IN BELGIUM, DOES GROSVENOR CASINOS FOSTER ANY FURTHER INTERNATIONAL ASPIRATIONS?

We remain aware of developments across Europe.