



THE LEADER

Edwards: Casinos are expanding quickly

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RJ: Is the casino market in St. Petersburg different from Moscow's?

PE: In St. Petersburg, there are about 30 casinos, while in Moscow, there are about 45.

Client numbers, turnover and jackpots are all higher in Moscow. For instance, at Taleon, we get about 50 customers a day; in Moscow, you'd probably get double or triple that.

RJ: What are the main current trends in the casino industry?

PE: In Russia, we're seeing the expansion of the industry into smaller cities — like Yekaterinburg and Perm, for example. A lot of this expansion will be slot-

kinds of customers: those who play live games and those who play slots — you rarely see a person who likes both.

I don't know why, but women prefer slots to live games. At the moment, 70 percent of our clients are men.

RJ: How much of your business is internationally based?

PE: We have a very cosmopolitan clientele, leaning toward a Russian majority. We've been very focused on establishing ties with international players, though. These players usually travel in groups called "junkets."

We now have junkets visiting the club on a weekly basis with clients from Spain, Greece, Turkey, Italy, Israel and China. We have a whole department dedicated to organizing visas, transport, sightseeing and accommodation for junket customers.

We've also been promoting poker internationally, working with operators and players from as far away as Australia and America.



The Russia Journal/ Katherine Tern

THE TALEON Club casino has an ornate, classic interior to appeal to its upmarket clients, but manager Paul Edwards says they are exploring a way to expand the club and install slot machines to appeal to a wider range of people.

merit, we have difficulties securing rooms for our clients at the city's top hotels.

Also, from a business viewpoint, it's much better for our customers to be staying in the same complex as the casino.

So, we're currently working on a \$40 million extension project creating the Eliseyev Palace Hotel. The hotel, which will have 29 suites, will be ready in time for the Jubilee in May this year.

RJ: Does the Taleon have Russian junkets?

PE: No, so we don't compete with casinos in other Russian

cities, but we do have a lot of clients from Moscow who visit Taleon when they're in St. Petersburg.

They hear about the Taleon through friends or acquaintances, and this seems to be incredibly effective. Initially, we were spending a lot on advertising, but, when we reduced, it made no noticeable difference to our customer growth rate. Advertising at that level just wasn't hitting the right people.

RJ: What kind of growth rates do you forecast?

PE: Last year, the casino posted

a gross win of \$6 million. Our annual average growth rate has been 15 percent for the last five years. We're predicting steady growth between 10 and 20 percent over the next five years also, which will be supported by our new hotel.

Staff numbers will increase too; at the moment, we have more than 300 personnel, and, after the hotel opens, we'll expand to about 450.

RJ: Do you think St. Petersburg 300th-anniversary Jubilee will stimulate business at the Taleon?

PE: I'm confident that the Jubilee will show St. Petersburg in a positive light and that that will boost tourism and, in turn, our customer base. St. Petersburg needs positive coverage too.

Over the past few years, the city has attracted a lot of negative press, which has affected our ability to attract international customers.

In my experience, the biggest problem is to actually get international clients to come to St. Petersburg. Once they've experienced the city, they come back time and again.

RJ: How does Taleon compare to other top international casinos?

PE: It's very difficult to compare. For instance, you could fit all the casinos of St. Petersburg into the Crown Casino in Melbourne, Australia. It's huge; they've got 350 tables, 7,000 gaming staff and thousands of slot machines.

Russia doesn't have giant casinos like you do in Australia and America. The largest in Russia would have 80 or so tables.

Russians prefer the European model, and so do I. When you get an operation like Crown, a customer is just a number in the crowd, or a bit of plastic on a swipe card. The only personal attention they get is through electronic tracking and reward systems.

In the Taleon, the staff know their customers by name. You have a real club atmosphere. ■

'We're constantly turning customers away due to visa problems and lack of accommodation ... The visa issue is costing Russia millions in tourist dollars every year.'

PAUL EDWARDS
Manager, Taleon Club casino

every year; it's something that really needs to be addressed.

RJ: How are you solving the accommodation problem?

PE: There's a hotel shortage in St. Petersburg, and, in the sum-

EXECUTIVE FOCUS

machine oriented.

Worldwide, the industry is moving toward electronics. For years, casinos resisted electronic involvement with table games, but now we're seeing electronically linked jackpot systems and roulette stations, as well as more slot machines.

Slot machines are changing too. They used to be relegated to the metro stations and cheap bars, but now you can find the latest versions in up-market clubs, where one spin can set you back \$100.

RJ: Is the Taleon going to introduce slot machines too?

PE: The Taleon has a beautiful classic interior, and the owner thinks that slots would clash with that. We're expanding the club though, and we may put them in another part of the casino in the future.

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