

AMERISTAR CASINOS' PRESENTATION: HOW TO BE A SUCCESSFUL MERCHANT

By Pamela Joy Ring, President, The Ring Retail Advisory, LLC. Presented on June 18, 2009

Slide 1 (written in conversational style)

Good afternoon everyone.

I am Pamela Joy Ring a 30-year veteran in the retail industry and president of the Ring Retail Advisory based here in Las Vegas...and I want to thank Lanis O'Steen and Ameristar Casinos for inviting me to speak with you today.

When Lanis approached me with the idea of my talking with you, he told me that I would essentially be the closing act of an intensive retail summit you all have been engaged in.... and he asked me to deliver a message that was compelling and inspirational to you and the work that you do in the stores at Ameristar's properties.

Well... that's a tall order... but it's a challenge I can't resist... because you see... I consider myself an impassioned merchant... **Slide 2** and I think I was born one because when I was six years old, I set up a lemonade stand on my street and offered saltine crackers for free with the 5 cent Dixie cup of lemonade that I was selling because I liked the taste of lemonade with my crackers but the crackers always made me thirsty and I would always want to drink more lemonade when I had it with my crackers. So, I thought, if I offered the crackers for free, people would drink more lemonade and I would sell more cups of it. To this day the kids I grew up with on my block have never let me forget how much lemonade they, their brothers, their sisters and their parents drank on that hot Saturday afternoon in Teaneck, New Jersey. And my mother could not get over how many nickels I put in my big blue plastic piggy bank.

Such was the beginning of my foray as a retailer who understood the power of cross selling, up selling and bundling. These are some of the concepts I'll be sharing with you today.

But before I do, I know that you all are faced with a challenge. The challenge is how to make your stores profitable and be a positive profit center to Ameristar's amenity portfolio. I am happy to tell you that you have every opportunity to meet the challenge head on and to be successful in your efforts.

It doesn't matter if your store is 400 sq ft, 1000 sq feet or 100,000 sq ft or whether you are selling a hammer or hand bag, there are core fundamentals of best practices in retail that transcend and apply no matter the size of the store or what the store sells.

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So...let me share with you as a fellow shop keeper and merchant, the very tools that you have at your disposal to make your stores successful. Each one of these tools is at the core of respecting the fundamental best practices in retail & they are:

1. Your Customer
2. Your Merchandise
3. Your Store Environment
4. Your Casino Property which Drives the Customer Experience
5. Y-O-U!!! The Ameristar team member

So let's look at all of these power tools, and learn how they operate in helping you build your own successful store.

I will say that these five key power tools typically do not work in a vacuum; they work together for producing the best result... so, as I present each tool, I will be referencing the others in my discussion. The first two tools have to be discussed together, namely your customer and your merchandise.

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Your customer is the key to your store's success. People come into your stores for a variety of reasons and if we stand back and understand their motivations for coming through your door, we will have laid the groundwork for determining:

1. What merchandise should be in the store
2. How to display the merchandise
3. How to promote the merchandise
4. How to sell the merchandise and
5. What the core price structure should be

So...what motivates people to come into your store and buy?

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Well...let's understand the people.

For my money: I see two types of guests at Ameristar's properties: the fun lover & the business/event goer:

1. The fun lover: the fun lover is
 - The guest who has come to your property for gaming and all the other entertainment amenities you offer: hotel, spa, dining, night spots/shows, sporting such as swimming, golf & tennis.
 - On their side and yours is that they have time & money to spend on your property.

They can be a:

- A. Day Tripper
- B. Short-time overnigher/weekender

- C. Destination Vacationer: with an extended stay relatively longer than the overnigher/weekender

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The other guest is...

2. The business/event goer

- This guest has come to your property for a business/convention or group event and is mixing business with pleasure
- They are limited for time and are money constrained

They can be...

A. Day Tripper

B. Short-time overnigher/weekender

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Now understanding who is your customer and what are their buying motivations will accomplish a couple of important bottom line objectives:

- They will help you develop a core merchandising mix common to all locations
- They will give you the ability to identify sales opportunities
- They will give you the ability to maximize your opportunity of closing every sale that walks through that door.

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So...in order to achieve these objectives, let's look at why & what these guests buy at your store

We have four core motivations for people coming into your store:

1. To buy essentials
2. To buy what I reference as a discretionary essential
3. To make a pre-planned purchase
4. To make a purchase as a reward for their winning or as a treat for being on vacation

Remember, there is a different psychology between the fun lover & business/event goer as it relates to spending money at the gaming property overall, and what drives them to come into your store, and what they buy at your store.

The fun lover has time & money to spend

The business/event goer: is limited for time & is money constrained

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So now we know the customer, we understand their reasons to buy so now we can target what types of merchandise meets their needs:

Go over slide

	Why They Buy				
	Essential	Discretionary Essential	Planned Purchase	Reward	Treat
Fun Lover	x	x	x	x	x
Business/Event Goer	x	x	x	x	no

Let me give you examples of the merchandise that fall into your guest's buying motivations:

The Essentials: The essentials are sundries such as drug store items, business support accessories, periodicals & books, in some instances food snacks used for travel back home, to avoid mini bar costs, or to take to the pool. Essential apparel such as ladies' stockings and men's ties fall into this category...these are just some of the examples of the essentials.

Discretionary Essential: Wine or liquor for the room, tobacco & cigars are perceived as luxurious indulgences in enhancing the guest experience during their stay.

The next type of buying motivation is the planned purchase: that is an item purchased with a pre-determined shopping goal. In this scenario, the guest has come in with a pre-determined goal of buying an item or items that commemorate their experience on your property. They buy either for themselves or as a gift for those back home. Souvenir & logo merchandise which are specific and unique to the property brand and to the geographic locale such as local crafts are perfect for this customer. These are items that the shopper would not have access to in their own home town....so...the ability to close a sale is heightened with this type of customer—an easy close if you will.

The last purchasing motivation is the purchase made as a reward for winning at the table or as a treat for being away on vacation. This motivation opens up your merchandise mix to discretionary and higher end items. These motivations encourage people to purchase items they would otherwise not purchase at home, and the opportunity opens up your ability as a salesperson to up sell and cross sell your merchandise. Examples in this category are:

- Jewelry
- Fashion Accessories
- Ladies & men's apparel that compliment the guest experience such as an elegant shawl for lady's evening out on the property
- High-end home accessories, crafts or art

- Collectables and lastly & importantly what I call...
- **X Factor: items that are unique to the property experience:**

For example: if your property is more kid friendly relative to other Ameristar properties, then we may offer kid-friendly swimming pool toys, and toys that occupy their time such as a simple jigsaw puzzle; or if your property is in a specifically cold climate, then we may offer some logo outerwear that would not make sense in a warmer climate.

So, I am now going to leave the power tools of your customer & merchandise and the importance of that relationship to generating sales revenue and move on to the third & fourth tools...

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Namely the store itself & your brand:

I have lived my professional life as a business owner & merchant being very respectful of how I have spent my money on my business. And I can tell you that the physical environment of your store can actually make or break sales because your environment has a direct impact on consumer buying psychology.

There are four key factors that are processed in the consumer's psyche which drive their willingness to buy. These factors hit the consumer all at the same time as they enter your store.

First, is that the store overall has got to appear clean and fresh...and your lighting and flooring are critical in translating to the customer whether your store is clean and fresh. I will go into examples in a moment.

How your merchandise is displayed has a direct impact on how much your customer is going to buy.

The name of your store has got to tell what you offer, and how you promote the store has got to tie into the guest experience which in turn reinforces your property's brand and your guest's loyalty.

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So let's look at each of these factors up close...and as I do, I will give you cost effective tips that will save you money while simultaneously increasing your sales and bottom line:

Let's talk flooring & lighting:

The best practice for flooring is using hard floors in high traffic areas. With such a variety on the market, you can easily find a solution whose initial investment and on going maintenance are low while simultaneously complimenting a fresh, clean & and attractive environment as opposed to using carpeting which can show spots and wear

Lighting is so important: lighting will have a direct, negative & subliminal impact on the customer's buying attitude if it is incorrectly used. If a customer walks into a wrongly lit store, and that can mean it's either under lit, uses the wrong lighting system such as an under use of pot lights and wall wash lights, or it uses incandescent lighting when the crisp hue of halogen should have been used... the customer will perceive the store as dingy, boring, tired and unappealing in its offerings. And don't expect them to linger in your store for very long. The fix can be as simple and as low cost as changing out one type of light bulb for another.

Here in Las Vegas, at the Fashion Show Mall, I can give you a tale of two equally competitive stores that appeal to the same target audience, who have equally beautiful facilities, great locales in the mall, and a compelling merchandise mix and yet...one has more traffic in it, higher positive vibe energy and does financially better than the other.

It's the story of Neiman Marcus versus Saks Fifth Avenue. When you walk into Neiman's, you feel it bright and cheery. When you walk into Saks, you feel it is dull and depressing. Neiman's uses bright crisp halogen lighting, and Saks uses, a gray tinged incandescent. The difference is between night and day. For Saks it can be a simple fix as changing a bulb or replacing the internal housing of the existing light fixtures to support a brighter bulb. A relatively cost effective fix that can have a multiple positive impact on their sales revenue.

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Next...is how to put your merchandise display to best use for you:

Where and how you place merchandise in your store has a tremendous subliminal impact in supporting you and your ability to make sales. It is critical to layout the store so that it invites and draws the customer inside in such a fashion that it dictates a flow pattern that makes them want to linger and stay. So putting a display case or table horizontal and parallel to the front door undermines the goal because it acts as a physical and psychological barrier

Displaying your merchandise for cross selling is critical as well as having **suggestive selling signage** throughout the store. So, placing items in themes and vignettes helps you increase your deals.

Here are some examples real easy:

If your property has an out door pool and the season is right... a display vignette featuring logo merchandise together, such as shorts, hat, sunglasses, suntan lotion, bathing suit, hotel logo towel, a pool toy, all set the stage for suggestive selling.

Or how about a vignette that shows the casino's gaming collectibles: playing cards, poker chips, shot glasses, cigars, baseball hat, tee shirt, this all sets the stage for wanting to bring the Ameristar gaming experience to home. A sign that says, "Know when to hold'em, fold'em and bring the Ameristar deal home with you...let us be at your table" ...is clever, fresh & is a suggestive selling message which reinforces your brand and their experience on your property.

Speaking of brands: let's talk about how your store promotes your property and how your property promotes your store.

I am sure many of you remember the famous line from the film, Field of Dreams, "If you build it they will come" ...well we can build it...but if your guests don't know you are there and what you offer...they won't come.

Your store needs to be promoted and marketed through out the property and beyond. It can't work in a vacuum. The store and Ameristar are both partners in generating revenue and building customer loyalty.

There are two effective approaches for doing such:

Straight Promotions & Cross Promotions:

Examples of straight promoting are: placing your logo merchandise in display cases throughout the property, and including store-specific promotions on tent cards in hotel rooms and at Star Clubs.

Cross promoting really integrates a number of your hotel amenities into the guest experience .

So for example, three of your properties feature a Pearl's Oyster Bar: suppose you had a recipe book from Pearl's along with some other commemoratives from the restaurant.

You can feature these items in the store and the restaurant could cross promote the fact that they are available for sale at the store as well as being for sale at the restaurant.

Another example is the fact that two of your properties have Ara Spas...so make sure you feature spa items in the store and that the store is promoted in the spa...

Another example is capitalizing on your headliner events...by selling event-related merchandise in the store. I understand that there is talk of having the stores sell event tickets... which would be a great draw, and having promotional event merchandise would further add to the bottom line.

Here in Las Vegas we don't have to look very far to see the success of the Cirque du Soleil stores to understand revenue potential of promoting an event and creating a positive guest experience.

So...if we agree that the store is a means of perpetuating the guest experience and Ameristar's brand...then I would say it is time for you all to develop a consistent name for stores on your properties that tie to the Ameristar experience. Currently you have seven properties hosting four different names of your stores:

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Black Hawk uses Merk & Tyler

Council Bluffs uses Mercantile Gift Store

East Chicago uses Ameristar Gift Shop

Jackpot uses Bristlecone Emporium

Kansas City uses Merk & Tyler

St Charles uses Merk & Tyler

Vicksburg uses Ameristar Gift Store

So let's all be related and have one family name that tells what the store is. None of what you are using communicates the value and usefulness of the store to the guest and to the brand.

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The last and very important power tool in our tool box is you the Ameristar team member that is on staff for the store.

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You are a representative of your company charged with

- Serving your customers in a positive, friendly, courteous manner
- Selling your customer with respect to their needs
- The best salespeople are those who can identify the original buying motivations of their customers and redirect those motivations with suggestions that increase the value of the purchase.

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- The best salespeople demonstrate enthusiasm and knowledge for the products they have to offer in their store.
- The best salespeople are those who make the customer feel that they have helped them find a solution to a problem or need with their purchase.

- The best salespeople are measured by when a customer has purchase in hand and thanks them for helping them...the customer will come away from the store having another positive guest experience which will reinforce Ameristar's brand and the guest's loyalty

You are so very important to the guest experience and you can contribute to adding to Ameristar's bottom line by putting your best foot forward as a team member and sales associate.

We clearly are all together because your company, Ameristar recognizes that its stores can play an even greater role to the bottom line and to the guest's experience than what has been done. Ameristar is undertaking efforts to make your stores operate more efficiently and easily for you so that your time can be freed up to focus on serving customers and fueling sales.

Selling can be a lot of fun. It can be personally rewarding when you take the role of being a problem solver and find the right product for your customer. But it can also be financially rewarding for you the sales professional and for Ameristar, if Ameristar provides an incentive system which promotes selling.

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I think you would all be very well served if you built an incentive sales system. Incentives keep the sales motivation alive:

Some sales incentive methods to consider are:

- Have a special promotion of the month campaign and tie it to a commission
- Commission sales on products typical of the reward & treat purchaser. These are discretionary purchases that lend themselves to up selling and cross selling.
- Hold contests amongst the stores for certain theme campaigns such as...which location sold the highest holiday merchandise and present an award of some sort to that location's team

- It's important to recognize that incentive opportunities can be very creative and should be changed throughout a year to keep the enthusiasm of your sales team pumped and at the ready.

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Well, I've come a long way from selling lemonade and saltine crackers but some things never change in the world of being a retailer and a merchant. And I have shared a little bit of those experiences and wisdom with you today.

At the end of the day, your stores too are like that lemonade stand. You and Ameristar are on the road ready to quench and satisfy the needs of your customers. With your energy, commitment and efforts of implementing the best practices in retail. Based upon what I have read in your syllabus and reviewed with Lanis, I have every confidence that you all will succeed.

...And if you ever want to sell lemonade, remember always to offer a saltine cracker to go with it.

Thank you for allowing me to be with you and I wish you much success.