

Case Summary

The Power of Branding: Dover Downs Hotel and Casino delineates how Dover Downs started its humble beginnings in the 1960's with two types of racing venues: horses and cars. The owner known as Dover Downs Gaming and Entertainment has grown through strategic planning adventures to offer a unique variety of venues for customers today! Dover Downs is a premier gaming and entertainment resort and one of a kind facility that provides horse racing, car racing, hotel accommodations, slot machines, sports betting, table games, a signature poker room, spa services and a host of eating outlets, jewelry, clothing, candy and a sports bar. The amenities offered are unique to Dover Downs and the offerings are like no other casino in the United States. Dover Downs Hotel and Casino is located in the middle of Delaware, known as Dover, Delaware and is one of three casinos regulated by the State of Delaware.

The case provides information about how Dover Downs developed plans to build and grow as the announcement of competition from surrounding states emerged. Drawing 70 percent of its customers from the states of Pennsylvania, Maryland, Virginia and the District of Columbia, Dover Downs leaders recognized that to remain competitive, continuous improvements in gaming had to be a strategic venture to remain competitive. Plans were underway for more than 20 years to continue developing unique venues that create a brand that warrants attention on a "continuous and consistent" basis.

During the early 2000's, Dover Downs planned and constructed new facilities, added new venues and services, added more slot machines, a hotel, a branded poker room and shops! The key venue was the development of a proposal to seek for the first time in the history of operating casinos "naming rights" from a beverage company. As a result the Crown Royal Poker Room at Dover Downs Hotel, Dover Downs administrators attributes it to "The Power of Branding." The development and implementation scenarios are included in the case and profits are greater than expected.

Teaching Objectives

The objectives of the case study are to:

- Evaluate competition faced by Dover Downs Hotel and Casino, given intense changes in the gaming environment.
- Analyze and determine growth and venue strategies developed and used to brand Dover Downs Hotel and Casino.
- Evaluate strategies used by Dover Downs to stay ahead of the emerging competition from the states of their major customer base.
- Analyze "the process used for "naming rights" of The Poker Room at Dover Downs.
- Predict and recommend what Dover Downs Hotel and Casino leaders should do to stay competitive.
- Review the current economic environment Dover Downs is currently faced with. Predict venues for the future, based on the economic review.

Suitability for Use in Hospitality and Tourism Management Courses

This case is designed for use in Hospitality and tourism Management courses that include hospitality topics, such as hospitality marketing and branding, hospitality and tourism venues and services, casino management and operations courses, hospitality laws and legislative issues and courses in strategic planning. The case is designed for undergraduate junior and senior level students.

Case Analysis

Dover Downs Hotel and Casino started from humble beginnings as place for racing: cars and horses. As the event of gaming emerged, the leaders (Executive Council, President and Chief Operating Officer, Vice Presidents of Venues-Hotel, Operation, Gaming) were prepared to strategically look for ways to maintain sales and increase the gaming experience. Venues in gaming became the major thrust by adding video slot machines to the racing venues. As competition emerged and intensified from surrounding areas, Dover Downs Hotel and Casino administrators strategically added more venues and more retail outlets to market to a broader base of consumers.

Realizing that 70 percent of their customers came from Philadelphia, Maryland, Virginia and the District of Columbia and realizing that Philadelphia and Maryland were passing legislation to offer gaming services, the threat was real. Something had to be done to keep the "competitive edge," while developing new, exciting and unique venues to appeal to the citizens of Philadelphia, Maryland, Virginia and The District of Columbia. The tasks of creating exciting venues were challenging because every idea or new venture required legislative action. Convincing conservative legislators who had issues with gambling was not an easy task.

The case provides a review of the development of venues from 1960s to the present time. The Executive Council were assessing and planning strategically to build a "better branded venue." They completed all of the changes by the time the first casino was opened in Maryland. A customer base was solid as the leaders increased offerings, made customers Platinum and Elite Members, based on gaming participation and provided the incentives to match the Platinum and Elite statuses and thus is operating for profits.

During the stages of development and focusing on imminent competition, two events occurred that served to reduce profits: the introduction of the smoking law in 2001 and the snow storm that occurred in 2003. Both of these events reduced revenues. The details of

the smoking law are included in the case, along with the percent drop in the revenues. To develop a clear brand and a competitive edge, Dover Downs sought partners to help with the challenge. A creative “naming rights” contract with Diageo, one of the world’s largest liquor companies agreed to a two-year naming rights deal turning the poker room at Dover Downs into the Royal Crown Poker Room, which has served to shift the beverage preference of Dover Downs guests to the brand sold in the “naming rights” room: Crown Royal whiskeys.

Assigned Case Questions

- Trace through role plays how the Executive Council developed strategic plans to enhance and add gaming and other venues to motivate customers to “Come and Play.” Imagine in developing the role plays that “you were there.”
- Analyze the economic and environmental conditions that stimulated the development of each venue offered at Dover Downs.
- Assess how Dover Downs markets its venues, given the use of media and social media.
- Determine how legislation is developed to offer gaming venues in Delaware. Determine how the development may differ from the competing states in providing gaming venues.
- What impact did the Clean Air Indoor Act have on operations at Dover Downs?
- How did Dover Downs leaders decide to expand the casino floor space to add the current venues?
- Describe the physical structure of Dover Downs Hotel and Casino. There are several video and the links are:
<http://youtu.be/TUEKqfqcD8>
<http://youtu.be/eosaBA4v2Sg>
<http://youtu.be/P3frRi434nM>
- What are the unique characteristics of Dover Downs Hotel and Casino?
- Conduct research and determine if there are other casinos in the United States with the number of venues offered by Dover Downs Hotel and Casino.
- Describe how the Executive Council and Diageo designed The Poker Room at Dover Downs.
- Predict the future venues of Dover Downs. Based on your predictions, what basis are you making the predictions? What are some suggestions for maintaining and increasing their customer base in light of the intense competition?
- Describe what Dover Downs leaders must do to monitor the environment to remain “competitive.”
- Identify and describe marketing and branding strategies Dover Downs is currently using.

Relationship to Principles of Hospitality Management

Guest returns and guest satisfaction are critical factors in the success of hospitality businesses. All businesses leaders must realize that the business cycle consists of four cyclic categories: Peak, Declining, Recession or Trough or Expansion. If the same services and products are offered without any changes, the business will move through the cycle and be out of business. Therefore, as consumer preferences change, as businesses must deal with changing economic and other conditions, hospitality services must change. The leaders at Dover Downs were obligated to seek new venues for a changing society and realize that changes are constant. Therefore, the following factors are listed as the relationship to principles of Hospitality Management.

- The case encompasses principles of environmental scanning required by companies to develop and maintain competitiveness in the market place.
- The case involves all aspects of management functions: planning, organizing, implementing and evaluating. The planning functions were most important as Dover Downs Executive Council kept environmental scanning in the forefront. The scanning included new competition, characteristics of guests and their expectations.
- The case provides one aspect of assessment of profitability and guest’s preferences of alcoholic beverages as Crown Royal whiskeys were introduced.
- The case embraces decision making and critical thinking skills that had to be used to make final decisions about the feasibility and profitability of new venues, based on laws of operations and the development of relationships with legislators, vendors, suppliers and all persons who come “to serve or play.”
- The case involves strategies used to market and brand specific venues offered in the casino.

Teaching Plan

- Provide the case for students and emphasize that the case is about branding and maintaining a competitive edge. Have students secure articles on branding and compare the branding of other businesses with Dover Downs.
- Provide the objectives and questions and include the following major topics:
- Discuss the steps in developing a strategic plan for expansion: entertainment venue, lodging and operations.
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Points and References

The steps to developing a strategic plan include:

Mission and Goals, Assessing the External Environments (economic, social and political), Assessing the Internal Environments; Formulating Strategy (Technology, Human Capital,

Infrastructure and others), Implementing Strategy, and Suggested References:

Evaluate Strategies and make changes. <http://www.netmba.com/strategy/process/>

http://siteresources.worldbank.org/INTAFRREGTOPEIA/Resources/mosaica_10_steps.pdf.

<http://managementhelp.org/strategicplanning/index.htm#anchor320170>

Haber, S., and Reichel, A. (2007). The cumulative nature of the entrepreneurial process: The contribution of human capital, planning and environment resources to small venture performance. *Journal of Business Venturing*, 22, 119 – 145.

Hall, H. R. (1991). *Organisations: Structures, Processes and Outcomes*. London: Prentice Hall International Editions.

Harris, P. (2003). *Profit Planning*. Oxford, UK: Butterworth Heineemann.

Hatch, N., and Dyer, J. (2004). Human capital and learning as a source of sustainable competitive advantage. *Strategic Management Journal*, 25, 1155–1178.

Kaplan, Robert S. and Norton, Davis. (2000). *The Strategy-Focused Organization*, Harvard Business School Press.

Olsen, Michael and Zhao, Jinlin, et.al. (2008). *Handbook of Hospitality Strategic Management*, Oxford, UK: Elsevier Ltd.

Porter, Michael E. (2000). *Competitive Advantage: Creating and Sustaining Superior Performance*, New York: The Free Press.

- Discuss current and emerging competition and how Dover Downs should respond to the development of future venues.

Point to Emphasize:

Pennsylvania now has six casinos and is slated for a few more.

Maryland now has three casinos and is scheduled for two more.

Venues developed must be decided by Delaware legislators.

Revenues will decline as more casinos are opened.

- Discuss ways Dover Downs should determine their customer base, since the opening of new casinos in their customer based states. Determine if Dover Downs will have 70 % of its guests coming from Maryland, District of Columbia, Virginia and Pennsylvania. How can they create experiences that will rule local casinos as “not relevant?”
- Discuss how guests will use the non-gaming venue offered by Dover Downs, including the spa, food, jewelry, food and entertainment
- Discuss how naming rights helped to create a brand with Dia-

geo.

- Have students conduct research on the naming rights deal that may not be related to hospitality.
- Identify amenities customers receive by using the Gold, Platinum and Elite Playing cards. How can they be continuously used as one of the key drawing cards for customers?
- Have students research the cards, how guests can secure one and how they reach Platinum and Elite levels. Have students determine how the cards may influence guests to return.
- Identify ways Dover Downs can compete for customers from the states with casinos. Note: At present the other states have only slots at this time. They do not have hat Dover Downs offer, but think of ways Dover Downs can compete, now and when the casinos play copycat and offer table games and other venues.

Wrap-Up Points

- Focus on branding and naming rights and how more may be developed.
- Focus on how the environment and competition may drive venues
- Focus on how the customer base is maintained with “stiff competition.”
- Focus on how the leaders can continue to assess the environments and design new innovative venues using technology.

At the conclusion of the case assessment, have students research to determine how Dover Downs Hotel and Casino is maintaining its customer base and assess whether the largest percentage of its customers are now from the State of Delaware. As more casinos are opened, more will be motivated to offer hotel accommodations and venues just as Dover Downs. How can Dover Downs stay ahead with new and innovative venues that can be sustained over many years?