

French casinos are at a standstill again

The fiscal year 2006-2007, which just ended on October 3, was similar to the previous ones, that is, quite miserable and stagnant, according to a new article published by Casinos de France. The professional union interviewed 190 French casinos (out of 197) and found out that their GGR increased globally by 2.8%, amounting to 2.8 billion euros.

To be more specific, about 100 establishments experienced a decline in activity and only 30, ten of which have been newly created, experienced a slight increase in activity.

According to the professional union, this fall or stagnation in activity is due to the “global identity verification system implemented at the entrance of every gambling room, requesting clients to show their identity card. This caused some discomfort amongst a few clients, especially the less regular ones or those on a holiday visit”. The “easier access to table games due to the removal of the stamp duty” as well as the “introduction of new poker table games and more attractive slot machines” did not make up for this verification procedure.

“In this context, after a long period of constant decline, the recovery of GGR for table games is good news, but with this relatively small increase of 0.7% – the GGR going from 171 million last year to 183 million this year – there is cause for cautious optimism. Of course, this progression is attributed to the removal of entrance fees and to the variety of games introduced as a result.”

Some casinos decided to place gaming tables in the middle of the slot machine room and are normally quite happy as far as visitors are concerned. But the other side of the coin is that

this space reallocation within a casino has often been followed by a fall in minimum bets for these games, thus preventing any notable increase in GGR.

Texas Hold'em Poker is just starting to reach cruising speed in French casinos. Some establishments were lucky to take part in the testing phase and were thus able to get slightly ahead and, with the current fiscal year, they only adjusted the number of tables needed to meet their clientele's demand. "We can suppose that, at the end of this financial year, we'll be able to get a complete feedback from poker being introduced in French casinos, assuming that all those interested in this game will have set up poker tables by October 2008."

Whatever the case may be, according to Casinos de France, table-game activity "is still in deficit, economically speaking, its taxation being too heavy and maladjusted. The casino business really hopes that the tax system will be revised in order to promote the development of this job-creating activity".

Dominique Desseigne, Chairman of the Supervisory Board of Groupe Lucien Barriere, is continually pointing out that standard games are no longer profitable for the moment and "if there are more people, you need to pay more croupiers and you drop even further".

Finally, Casinos de France is really worried about the forecasts for the 2007-2008 season. The Union notes that "the smoking ban will be introduced in 2008 and this will lead to a further decline of about 10 to 15% in the number of visitors, at least during the first months. This will complicate even more the situation for the smallest or most indebted casinos. Yet, casinos must invest to adjust their offers to their clients' expectations (new games, new slot machines) and face growing competition from other French casino operators such as illegal gambling websites."

The predictable liberalization of online gambling websites in 2008 should accentuate even more this competition. Groups like Partouche or Lucien Barriere are already in the starting blocks to launch their own casino or online poker websites but will have to work very hard to outsmart Bwin or William Hill, who both earned an undeniable reputation on the web.