

Casino is game for glamour; Les Ambassadeurs is breathing new life into the gaming sector with the help of

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Business

Casino is game for glamour; Les Ambassadeurs is breathing new life into the gaming sector with the help of latterday Bunny girls, writes Matthew Goodman

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It has been 28 years since the Playboy casino on London's Park Lane closed its doors.

The club, which counted Sean Connery and George Best as members, epitomised the glamour of the capital during its 1970s heyday. As the oil price soared on the back of the energy crisis, many Arab sheikhs and princes flocked to London's gaming tables to gamble their new-found wealth. The Mayfair casinos had never had it so good.

In recent times, the roulette wheels have not been spinning with such regularity and the casinos have lost a little of their lustre. The falling oil price has kept many Arabs away from the salons privés of the capital's top casinos, while higher taxes have dented the profits of those sites that serve the most luxurious end of the market.

"By changing the tax rate, somewhat at will, the government has thrown the business into a significant amount of uncertainty," said Mark Harms, founder of Global Leisure Partners, an adviser to several gaming companies. Mayfair's casinos are starting to look at new ways to redress the balance and bring a degree of stability to what has always been a notoriously volatile sector.

Next month, Les Ambassadeurs, a casino housed in a Mayfair block that was once a hunting lodge for Henry VIII, is attempting to bring back some of the glamour to the industry and create what it hopes will be a lucrative income stream at the same time. It will open the Red Room, a £1,000-per-year private members' club that will feature live music and a troupe of hostesses to be known as the Red Room Girls. The woman who trained the Playboy Club's famous Bunny girl servers, Barbara Hague, has been brought out of retirement to train the staff at the new operation.

The £1m project, one element of a wider refurbishment of the venue, is designed to bring greater stability to the business's cashflow. "The more we can generate from consistent income streams, from memberships, running functions and so on, the better I like it," said Alan Goodenough, the gaming industry veteran who runs Les A, as the venue is nicknamed.

Rival venues are similarly trying to pep up takings not related to their gaming activities.

For example, nearby Crockfords has begun making its ballroom available for hire for functions by non-members. Such moves can have other benefits. As well as providing a fresh income stream, bosses at Les Ambassadeurs, which was acquired for £115m in 2006 by Indonesian tobacco billionaire Putera Sampoerna, hope that the Red Room may introduce new members to the casino.

The search for new blood has become more urgent as London has to compete increasingly with centres such as Las Vegas, Monte Carlo and Macau for the wealthiest punters.

Goodenough said: "There's no getting away from the fact that as far as high rollers are concerned, this is an international market and with places like Macau, it's becoming more competitive."

Gaming bosses in those rival jurisdictions are able to lure players to their venues by hiring private jets to fly in guests or pick up their tabs at expensive hotels. Since a recent change in the law in the UK, British casinos are able, in theory at least, to offer similar inducements but in practice it is uncommon.

Goodenough said: "When you operate in a jurisdiction like central London, with 50% gaming duty and the costs of operating in a big capital city, the margins available to do this kind of thing are completely eroded."

One saving grace is that many of the punters who visit come to London for reasons other than simply to gamble — for example, they may have children in school here. Conversely, Vegas and Macau are cities

almost entirely built on gaming chips.

It is said by casino bosses that the top end of the London market gets by on the back of no more than 100 high-rollers. In the past, the amount of money dropped by this relatively small number of customers has been enough to sustain the capital's half-dozen or so ultrasmart casinos. It is a moot point quite how much longer this can continue.

The boss of one top-end venue, who asked not to be named, said: "There is quite a good argument for saying that we're overprovided with properties. It would be good for the industry to see some consolidation at the top end." Goodenough concurs.

"There is too much competition in the market. The industry needs at least one, preferably two, to close or consolidate for all of them to become sensibly profitable again."

Goodenough declines to disclose sales or profit figures for Les Ambassadeurs. Throughout the boom years of the late '90s and early part of this decade, it would regularly make profits of £10m or £12m. Under Sampoerna's ownership it has had a mixed performance, making money in its first year and racking up losses subsequently. This year it may return to the black. "These businesses were generally a lot more profitable 10 years ago than they are now," Goodenough said.

With a drop in the number of Middle Eastern visitors — lower oil prices have been a key factor in persuading many players from the region to stay away from the tables — London's casinos are beginning to look elsewhere for new sources of customers.

Traditionally, Arabs and Far Eastern gamblers each account for about 30% of players in the capital. Industry executives hope that Russians might pick up some of the slack, especially since prime minister Vladimir Putin closed down casinos in Moscow and StPetersburg. "There are more players around from Russia and the former Soviet republics," said one industry boss. "They are the great hope for the industry."

If that's the case, it's another reason why the Red Room might be an appropriate name for Mayfair's newest club. THERE ARE MORE PLAYERS AROUND FROM RUSSIA. THEY ARE THE GREAT HOPE FOR THE INDUSTRY

A line-up of Bunnies at the Playboy Club in 1963 and, inset, Les Ambassadeurs casino today Tamara Ecclestone is promoting the Red Room

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