

Business Model Canvas

Designed for:



Designed by:

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Date:

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Version:

1

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<p>Bluefire LPG Marketing Inc., and Royal Country Marketing,</p> <ul style="list-style-type: none"> Advertising <p>RGB Ltd., Cache Global LLC</p> <ul style="list-style-type: none"> Real state and Industrial Machinery and Equipment Rental and Leasing <p>Filairco Inc.</p> <ul style="list-style-type: none"> Hardware, and Plumbing and Heating Equipment, repair and Maintenance. <p>Green Amenities</p> <ul style="list-style-type: none"> supplier of luxury hotel amenities <p>Maxicare Healthcare</p> <ul style="list-style-type: none"> Medical insurance in the Philippines <p>Other important suppliers:</p> <ul style="list-style-type: none"> Online travel agency Local Bureau or Tourism Wholesalers 	<ul style="list-style-type: none"> Promotional Activities: Manage gaming activities, Live entertainment, theatre, restaurants. Hotel & Resort: Customer service/reception, Room Cleaning and Maintainance Manage real state (shooping stores) Publicity <p>Key Resources</p> <ul style="list-style-type: none"> Property & Equipment Casino Licenses (PAGCOR's) Distribution Channels <ul style="list-style-type: none"> Gaming Promoters Media relationship <ul style="list-style-type: none"> Reputation 	<p>A moment of relaxation A moment to have fun A moment to shopping</p> <p>Hotel & Resorts facilities</p> <ul style="list-style-type: none"> Well designed Luxury experience Confort Entertainment <p>Entertainment offerings</p> <ul style="list-style-type: none"> Gaming <ul style="list-style-type: none"> VIP Tables Mass tables Slot machines Non-gaming <ul style="list-style-type: none"> Shopping Theatre Restaurants Cafés 	<ul style="list-style-type: none"> VIPs program Personalize attention Customer Satisfaction <p>Channels</p> <p>Own channels</p> <ul style="list-style-type: none"> Solaireresort.com Events Print and media placements Brand marketing <p>Partners</p> <ul style="list-style-type: none"> Tourism agencies Gaming promoters Junket operators Booking, tripadvisor, ... 	<p>VIP Players (35.53% of gaming revenues) Solaire's VIP customers are players who are on a rolling chip or revenue share program at Solaire. These VIP players may come to Solaire directly without any agent, or they may be sourced from independent gaming promoters. (Rich customers aged between 50-69).</p> <p>Mass Market/Slots Machines (64.47% of gaming revenues) Solaire's table and slot machine customers who do not fall under the VIP customer segments. (Wealth customers aged between 18-49).</p> <p>*VIP players focus more in the gaming experience and luxurious consupcion (purshases and dining).</p> <p>* Mass market are more interested in enjoy the resort, restaurants, theathre but also want to have fun gambling.</p>
<p>Cost Structure (in 2020)</p> <ul style="list-style-type: none"> Main individual expenses: <ul style="list-style-type: none"> Interest expense (20.55%) Taxes and licenses (19.99%) Salaries and benefits (14.93%) Outsourcing - among others, legal services, consultancy services, security services, audit services, and cleaning services (8%) 			<p>Revenue Streams (Regions: Philippines and Korea)</p> <ol style="list-style-type: none"> Gaming (85.04%) <ul style="list-style-type: none"> VIP tables, Mass tables, and Slots machines) Hotel, food and beverage (6.71%) <ul style="list-style-type: none"> Philippines and Koria Solaire hotels & Resorts Retail and others (7.72%) <ul style="list-style-type: none"> Shopee stores rental for: Louis Vuitton, Versace, Cartier, Dior, Yves Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, Porsche Design, Stefano Ricci, Lukfook Jewelry, and Chow Tai Fook. Interest income (0.53%) 	

3 Recommendations through the lens of Business Model Canva and Blue Ocean Strategy

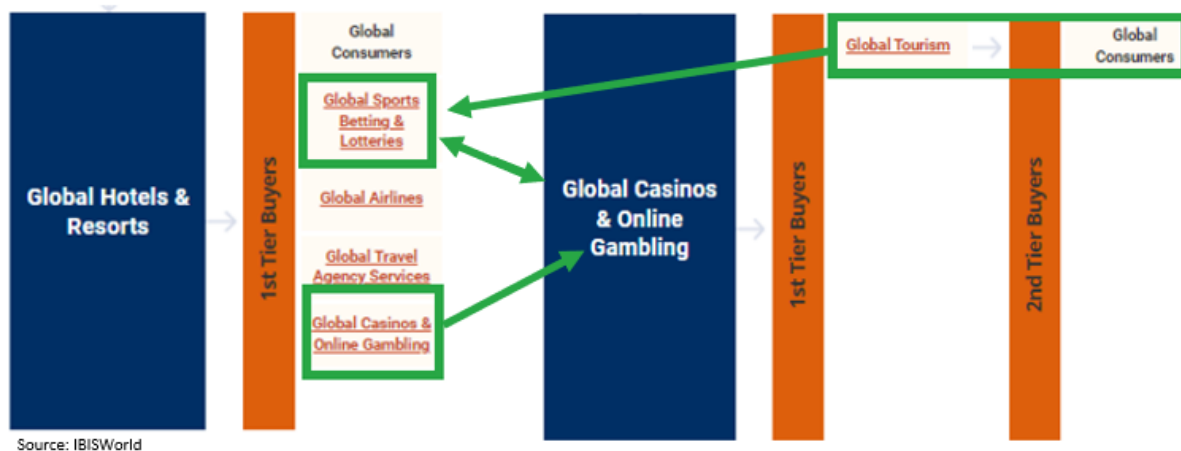
Business and industry overview:

Bloomberly Resorts Corporation develops and runs hotels, casinos, and integrated tourism resorts in the Philippines and Korea. The main property is Solaire Resort & Casino Manila located in the Philippines. The Global Casinos & Online Gambling Industry is the most relevant for Blomberly business, but by looking across industries as Blue Ocean strategy suggested it is possible to identify great opportunities. A surprising insight came by applying this idea by observing the Global Hotels & Resorts Industry supply chain.

01 Recommendation “Extend the entertainment offering hosting e-sports events.”

IBISWorld data suggests that Global Casino & Online Gambling industry and Global Sports Betting & Lotteries are in the first tier of buyers of the Global Hotels & resorts supply chain. Recently, due to the Covid pandemic, the e-sports in games segment has stood out and the casino industry can benefit from it.

Figure 1. Global Hotels & Resorts and Global Casinos & Online Gambling Tier of buyers



Source: IBISWorld

As the Blue Ocean strategy suggests by looking across industries and analyzing the trends it is possible to find good opportunities. The recommendation is not to simply incorporate sports betting as an additional gambling game, but to **attract specifically the e-sport segment** hosting events (1 tier of non-customers). Many industries have been affected since the Covid pandemic, while the casino was negatively impacted, the videogame industry only got stronger (PVP, 2021). **Three reasons** why this recommendation is a good idea for the future of the company:



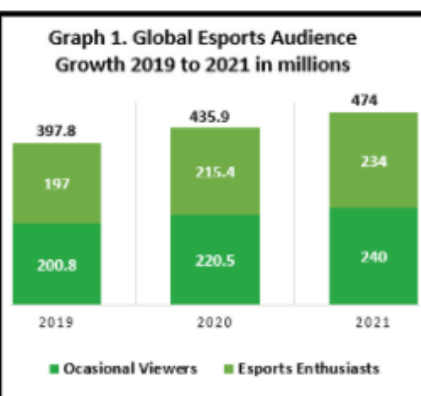
STRUCTURE IS READY

The Solaire resort & casino is well **structured** to run events and competitions. Solaire 1 has 18,500 square meters, 488 hotel rooms, 15 specialty restaurants and F&B outlets including, 1500 parking slots. Sky Tower Tower consists of a 312 all-suite hotel, an theatre with 1,740-seat (Photo above).



BIG MARKET SIZE

According to Cision (2021), the worldwide eSports betting market is worth **3.25 trillion PHP** (\$66 billion dollars) in 2021 attraction millions of people from all over the world.



ATTRACT NEW CUSTOMERS

According to Newzoo (2021), **474 million** people watched eSports in 2021, including 234 million eSports fans (frequent viewers). The majority of these fans are based in North America, China, and **South Korea** (Blomberly has a subsidiary there).

02 Recommendation

"Increase your focus on mass market customers by investing more in the resort and hotel segment of the business while maintaining the quality of your gaming offering."

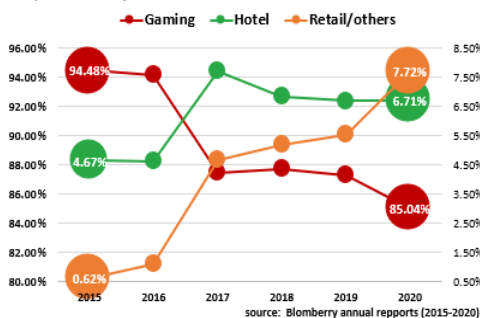
The business model canvas (page 1) shows that the company has two main customer segments VIP players and Mass Market. Besides that Gaming revenue is the most important Stream of revenue.

This recommendation asks to focus on Mass market customers based on the fact that ***gaming revenue is losing participation in total revenue over years (Graph 2)***. As the hotel & resort and real state are increasing participation in the revenue stream (during 2015-2020, increased from 5.1% to 14.4%) the mass market becomes more relevant. Going deeper into gaming stream revenue, ***the VIP revenue channel is losing space to the Mass Market customers (Graph 3)***. Adding to Slot Machine gaming revenue to Mass table revenue it would represent 64% of gambling revenue stream.

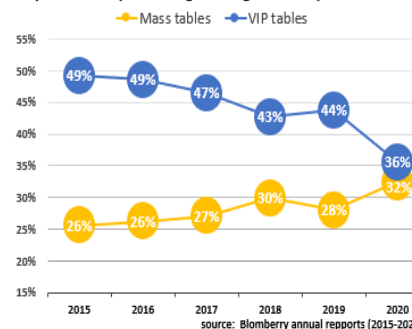
A hypothesis for why this is happening is the higher competition with Singapore and Malaysia casinos (as reported in the risks by the 2020 annual report), and the fact that Millennials customers have different needs and wants in relation to Baby boomers and generation X. ***According to Machus (2016) Millennials spend 30% on gaming and 70% on food, entertainment, and non-gaming services, compared to Boomers and Gen Xers who spend 80% on gaming and 20% on food and entertainment (graph 4)***.

Finally, according to Bomblerry annual report for 2020, excluding taxes and licenses to the casino that represent 20% of total expenses the major expenses are related to the hotel & resort structure like salaries, cost of sales (food and beverage purchases), interest rate expenses (to pay loans related to land, etc.), and others. To make it worthwhile the company should focus on the mass market and use its strengths of having a nice place to have fun and relax.

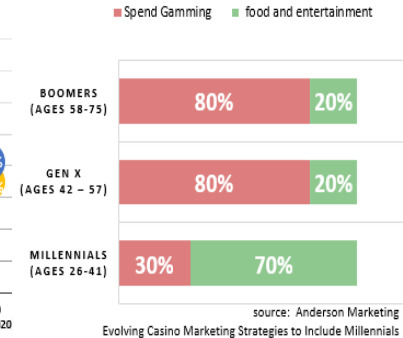
Graph 2. Participation Revenue Stream



Graph 3. Participation in gambling revenue per channel



Graph 4. Generational Marketing in the Casino Industry



03 Recommendation

"Increase market budget and spend more in marketing advertising/events instead of focusing in VIP promoters"

The firm spend only 1.3% on advertising and promotion of total expenses investing (80% in promoters and 20% in advertising and events expenses), while according to IBISWorld the industry average is 6.7%. However, it is not just about increasing expenses, but knowing where to invest. By regressing the revenue with expenses in marketing advertising expense and promoters expenses (to introduce VIP players to the casino) it was possible to infer that investments in advertising is more effective than investing in promoters to generate additional revenue.

Multiple Regression and Bivariate Analysis

Reg #	Response	Predictor	ADJ R2	Coefficients		P-Values		Other Statistics	
				Gaming Promoters' (GP)	Advertising (Adv)	Gaming Promoters' (GP)	Advertising (Adv)	Significance F	Lower/ Upper 95%
1	Revenue	GP, Adv	0.846	-198.48	1076.14	0.90	0.87	3.20E-07	Range includes zero
2	Revenue	Adv	0.855	N/A	281.84	N/A	2.49E-08	2.51E-08	Ok
3	Revenue	GP	0.855	70.42	N/A	2.51E-08	N/A	2.49E-08	Ok

Source: Blomberry Quarterly reports (2013-2018)

Comparing the valid regression models 2 and 3, the Adjusted R squared shows that there is an 85.5% chance that variability in these expenses will impact revenue. The coefficients show that for each 1 unit increase in advertising expenses and gaming promoter expenses, the revenue should increase by 281.84 and 70.42 respectively. Although it makes sense to invest in promoters for bringing VIP customers, the firm should invest more in advertising than promoters.

References

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