



Caesars renders unto H'wood

Celine, Elton, Jerry pack pizzazz along with shows

By PHIL GALLO
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Can Las Vegas: The Next Generation already be in place, in the form of the Colosseum at Caesars Palace?

As casinos try a host of gambits to fill hotel rooms and gaming tables while reclaiming their Sin City reputation with steamy revues, Celine Dion, Elton John and Jerry Seinfeld are teaching the city a lesson in economics, star appeal and the value of an exclusive show.

Dion's one-city tour was the second highest grossing concert tour last year; John opened his first of 41 shows Feb. 13 to rave reviews, and Seinfeld, who debuted his schtick in December, has sold out his shows at the 4,100-seat venue. Backers have turned Seinfeld's shows into a must-see act -- by deliberately not promoting them.

Las Vegas, which has struggled to find the sort of destination entertainment that Cirque du Soleil created in the 1980s and '90s, now has three destination shows: Cirque's "O," Dion and John. Clearly the art museums and Broadway shows, save for "Mamma Mia," didn't attract the projected crowds.

"This is a big part of the reinvention of Las Vegas," one talent booker said of the Colosseum shows. "This raises the bar."

Most importantly, Caesars is using entertainment to bring in a free-spending clientele that has been keeping Mandalay Bay, Bellagio and the Venetian at near capacity.

Dion was the most remarkable story of the concert biz in 2003, posting the second-highest gross receipts of the year behind only Bruce Springsteen and the E Street Band. Dion's "A New Day...," which ran 145 perfs after opening in March, grossed \$80.5 million.

Caesars Palace built the venue for \$95 million and allowed Philip Anschutz's Concerts West run the show. The benefit to Caesars was an increase in foot traffic and room capacity; execs say Caesars does an extra \$150,000 in gaming and restaurant revenue on nights Dion performs.

For John, Caesars went into the concert-promotion business, and did it in a way that conforms to standard concert practices, rather than Vegas standards that often use entertainment as a loss leader.

Tickets prices are substantial though not out of line -- John's top ticket is \$250, while David Bowie's February concert at the Vegas Hard Rock had a top of \$301 -- prices are significantly tiered (down to \$100) and Caesars goes into profit after 85% of the house is sold (John's take is about \$700,000 per show).

And then there's the room itself.

"The quality of a venue makes a performance come off memorable," says Don Law, president of Clear Channel Entertainment's music division, which will create Las Vegas' 100th birthday celebration in the summer of 2005.

"And what the business needs is more rooms like the Wiltern (in Los Angeles) to increase the value of a show to the concert-goer."

Only a few years ago, Caesars Entertainment, then operating under the name Park Place, opted to revamp the image of its properties. Corporately, the company backed the idea of physical expansion paired with a drive toward attracting Hollywood.

Caesars CEO Mark Juliano worked with Sandy Climan of Entertainment Media Ventures to book talent and events connecting with Hollywood.

First, they brought in Michael Douglas' golf tournament that benefits the Motion Picture Fund Home (it returns for a second year in late spring) to an exclusive Caesars course; then they booked Seinfeld to fill in for Dion; and now they have "The Tonight Show" shooting at the Caesars-owned hotel Paris in May -- Jay Leno's first visit to Las Vegas in more than a decade.

Strategy at Paris is to get away from headliner entertainment and by booking the Queen musical "We Will Rock You," it gets Caesars in business with producers Robert De Niro and Jane Rosenthal.

"It's about fitting the brand," Juliano says, differentiating between Caesars, Paris and Bally's.

Caesars Palace itself had cash flow of \$101 million in '03, an increase of \$21 million from 2002. Caesars Entertainment reported adjusted net income of \$150 million on net revenue of \$4.45 billion in '03.

In the fourth quarter of 2003, the most recent figures available, Caesars' high-end room rates were up 10.7% over the previous year, and lower-end property room rates were up 14.2%.

Caesars Palace wrote record cash room rates in eight of the 12 months of 2003, and for the full year posted the highest cash room rate in its history -- 8% higher than the previous record set in 1996. It's slated to complete its 949-room, all-suite tower in 2005.

Caesars is packaging concert tickets with rooms at Caesars, Bally's and Paris. "We use them as leverage," Juliano says.

The Dion show arrived on the Colosseum stage at a time when talent bookers were attempting to find the elusive Next Big Thing. Homegrown shows that attempted to mimic Cirque du Soleil's style -- Mandalay Bay's "Storm," for example -- quickly shuttered. Few Broadway roadshows or Off-Broadway imports made much an impact, the exceptions being "Mamma Mia" and Blue Man Group, each of which gross more than \$3 million per month.

About a half-dozen flesh 'n' sensuality shows, led by Cirque's "Zumanity," are vying for visitors' dollars, though none has achieved "must see" status.

While there have been one-off concerts in the venue -- Luciano Pavarotti is up next on Feb. 28, the first engagement on his farewell tour -- execs are confident the theater will remain Dion's and John's for awhile.

"There's no indication Celine wants to slow down," Juliano allows.

Juliano says, and others back him up, that Caesars is fully committed to the shows and their promotion. In many ways, they have helped make the all-suites tower at Caesars a reality rather than a risk.

"Our strategy is simple," he explains. "It's not just Celine; it's the sound, the comfort of the seats, the stage. With Elton, it's a show you won't see anywhere else. For the first time, we've developed retail stores around talent. It's taking us to level never before seen."