



The Problem with Host Programs

At first blush, casino host programs are an intriguing concept. Casino personnel are recruited to identify and develop new players, foster loyalty and offer premium gamers higher levels of service and recognition. Their collective actions are designed to endear players to a particular casino. However, adopting a concept and developing it into a successful program are two separate and distinct actions. It is far easier to commit to a host program than to design a successful program, implement it and measure its results.

Host programs were first developed in Nevada well before the era of sophisticated player tracking systems. New premium gaming customers would be identified by table game personnel who would in turn inform a host. The host would introduce himself to the new player and begin the task of developing a relationship with the customer. Hosts also conducted their player development activities in satellite offices in cities far removed from Las Vegas or Reno. They utilized an informal network of referrals to identify new potential customers and stay in contact with existing ones.

The advent of electronic player tracking systems allowed casinos to automate much of the tasks of identifying and rewarding gaming customers for their play. However, host programs continue to be a mainstay of many casino resort operations. They were eventually adopted by casinos whose markets were primarily local in nature. Many of these newer programs are rife with problems.

The Host Reporting Structure

While the lion's share of gaming revenue in every casino in the United States is derived from electronic gaming devices, hosts usually report to the table games manager. Rarely do hosts report to the player rewards program manager even though the primary function of that person is player development. Nor do hosts report to the slot director, even though most revenue is derived from slots. This is evidently a throwback to another era when table games actually were the revenue engine of the casino. That is no longer the case.

How Hosts are Hired

Once a casino commits to a host program, property leadership instinctively looks at competitor properties as an ideal place to recruit hosts for their casino. The logic is that these hosts already have a list of premium gaming customers that they would ostensibly bring with them to the new property. Aside from the legal and ethical issues surrounding such a tactic, recruiting hosts for their lists presents other problems. First, it assumes that the player is loyal to the host rather than the property. If this is so, then the host will bring customers from his previous employer. It also means that the host would

have no moral issue taking customers that he recruited while at the new property and take them should he choose to work elsewhere.

In reality, most gaming customers are not loyal to a particular host, but to the suite of benefits that a host can bestow upon them. If a recently recruited host were to contact his past customers, that host would have to offer his former customers an array of complimentarys and other perks that are greater than what the player received at his current casino. The end result would be a marginally profitable premium customer whose comps exceeded his gaming worth.

Hosts Focus on Established Players

In many casinos, host programs are introduced only after a casino has been in operation for several years. As the casino database matures, casino managers recognize that they have a small group of customers that contribute an inordinate amount of revenue to the property. Eventually a host program is conceived to grow this lucrative segment.

Once a host program is created, players are assigned to a particular host or a group of newly recruited hosts are handed a list of premium players whom they should contact. They in turn focus their attention on building relationships with customers who have already demonstrated their loyalty and commitment to the property. They do so by bestowing additional premiums on "their" customers such as gifts, additional complimentarys, invitations to sporting events and VIP parties.

What these hosts are not tasked with is walking the casino floor and actively recruiting new players into the database and developing them into loyal players. Rather, new players stumble into the casino, get a players' club card on their own volition, and play at extraordinarily high levels until a database analyst conducts a periodic segmentation analysis and categorizes these new high worth players as premium gamers. Their names are then turned over to the host department. In many casinos, a player may have to play upwards of a year before the system categorizes that player in a premium tier.

Writing Comps is Not the Hosts' Primary Job

Contrary to popular belief, a host's primary accountability is not to issue discretionary comps to players who already have far more comps than they could possibly enjoy. Yet to many hosts, that is how they interpret the assignment of "taking care of the customer." So, hosts are given discretionary comping authority in order to foster loyalty among the one segment that does not need any more comps. Yet when that same host offers a comp to a new player, he may have to explain his actions to management because the player does not have any prior rating.

Host Performance is Rarely Measured

Perhaps the greatest problem with casino host programs is that host performance is not measured. Hosts are rarely measured by the number of new players they recruit or the incremental theoretical win that their players may generate while under their care. At best, hosts may be periodically evaluated by the amount of comps they write in a month or the number of guests who accept an invitation to a V.I.P. event. In other words, they are never measured by profitability or player performance.

What is the Solution?

While there is nothing wrong with developing a team of casino personnel to identify, recruit and foster loyalty among premium player segments, for the most part, traditional host programs are far too problem plagued to be effective marketing tools in local casino operations. There is however, a reasonable solution.

Player development, first and foremost, starts at the player rewards center. The act of issuing a player rewards card to a new member is the first step in developing loyal premium players. Thus, the primary task of a host should be just that: to identify new players and enroll them in the rewards program. By utilizing existing player rewards program personnel or slot personnel displaced by the introduction of ticketing technology, the casino can train and develop its own hosts who already share the values of the gaming organization, rather than bring in hosts from other casinos with lists of players.

Newly recruited hosts must be given very specific goals to achieve. These may include new member sign-ups or increasing the visitation patterns of existing high-worth players. They would also be tasked with fostering relationships with existing players but their primary role would be to grow the premium player database.

Every marketing program must have its own tools for measurement and a host program is no exception. Therefore, at the outset of developing a host program a casino must

define reasonable and measurable goals on which to measure individual host performance and overall program performance. ♣

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