



## E-Marketing to Casino Customers

Email and the Internet have quickly become an integral part of the lives of most Americans. Most readers of this publication rely on the Internet and e-mail for daily communication with both friends and business associates. This behavior is no different for the general population.

Currently, it is estimated that 61.2% of adults use the Internet regularly. While it is generally assumed that younger age groups comprise the bulk of Internet users, usage among older demographic groups has increased significantly. Today, the 47% percent of the US population over the age of 50 uses the Internet regularly and their usage rate is increasing faster than younger demographic segments. In 2000, 45.8% of people aged 55-64 used the Internet. In 2003 that number jumped to 56.7%.

As usage among key customer segments increases and as costs associated with direct mail rise, casino managers have come to recognize that e-marketing will soon become a critical component of every casino's communications mix. This initiative is driven in large part in the belief that delivering an e-mail to a targeted customer costs far less than traditional mail. While

this is true, there remain real and significant costs with developing and maintaining an e-marketing infrastructure.

### Minimum Requirements

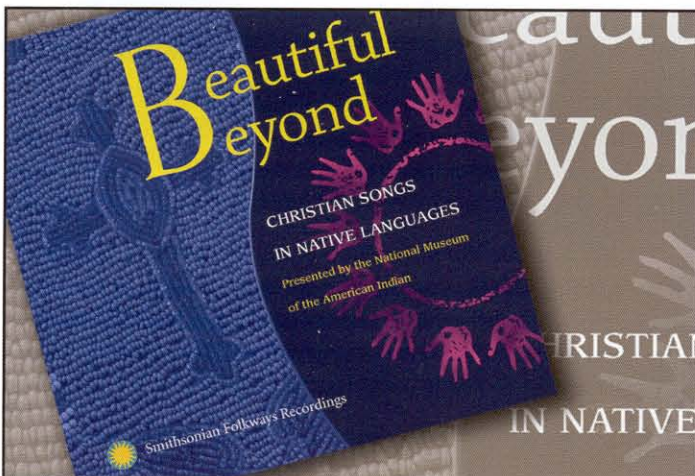
The costs associated with starting up an e-marketing program are dependent on a number of factors. A critical component is a casino management system whose player tracking module is capable of storing, sorting and retrieving e-mail addresses. Older systems can store e-mail addresses but there are often limits on the number of characters that can be stored in those fields. To get around this problem operators store e-mail addresses in the "comments" field. That, in turn, limits the ability of the operator to segment and sort e-mail addresses.

Any effective e-marketing program requires a dedicated computer server to manage the e-mail process. In addition, the casino must purchase software to pull e-mail addresses out of the casino management system, sort the addresses and send the right messages to the appropriate player segments. More significant are the costs associated with hiring and training personnel to manage the e-marketing process. Just as direct mail requires a dedicated person to manage the thousands of mail pieces that a casino sends out each month, so must a casino dedicate a person full time to the task of managing its e-marketing program. Alternatively, a casino can use an experienced advertising agency at start-up as an e-marketing manager until its infrastructure is in place and its staff is trained.

### Types of Offers

Though the concept of e-marketing in casinos is still in its start-up phase, casino operators have already tested many types of offers and have identified those that yield the greatest results. These include:

- Bar-coded offers that players can print, bring into the casino and redeem for cash, premiums or merchandise.
- Informational newsletters that can act as either a replacement or a supplement to the casino's monthly mailer.
- Surveys that probe customers' experiences with the property.
- Reminders of upcoming drawings, particularly for promotions that last several weeks.
- Last minute alerts to sell any unsold tickets to upcoming concerts.
- Frequent, personalized communications to premium segments of the database from both hosts and the general manager.



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## Common Mistakes

Leslie Davis, owner of Davis Marketing, a firm that specializes in database marketing and advertising to the casino industry, points out several common mistakes casinos make when establishing an e-marketing program.

First, casinos often fail to properly budget and fund their e-marketing programs. Second, there is a mistaken belief that, since e-marketing relies on computers, the accountability of managing e-marketing should go to the IT Department. When this happens, the task of sending out offers may get postponed while IT staff addresses critical functional aspects of keeping the IT system running. Time-sensitive material may get sent out late. Third, even when e-marketing falls under the accountability of the Marketing department, the casino often relegates the task to someone who has a wealth of other accountabilities. In other words, casinos fail to properly allocate the capital and human resources to make e-marketing effective.

## Develop Policies and Procedures

Before beginning an e-marketing program, it is incumbent that the casino operator develops a Policies and Procedures Manual to address customer concerns. The need for such a manual will become evident the first time the casino sends out an

offer-based e-mail to its customers. How will the casino handle the customer who says that he/she did not receive an e-mail offer but their spouse did? Who will be accountable to address those customer concerns? How will the casino deal with e-mails that are sent back as undeliverable? Will the casino attempt to contact the customer or will the customer's file be noted with an "undeliverable e-mail address" in their file? What is the procedure for customers who choose to opt out of the e-marketing program at a later date? Who will respond to e-mail inquiries?

E-marketing can be an effective tool in a casino's marketing arsenal. However, e-marketing will not replace direct mail any time soon. Rather, its purpose is to supplement the suite of communications that casinos use to reach their customers. Done effectively, e-marketing can deliver a series of targeted and frequent messages to their database at a relatively low cost. However, there are still real and significant costs that a casino will incur in building and maintaining an effective e-marketing program. ♣

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