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## Taming the Marketing Beast

In the world of hospitality and tourism, casinos are unique animals. They are far often larger than traditional hotels, offering more rooms, restaurants and amenities than most resorts or convention hotels. Yet despite their sheer size, what differentiates casinos most is their copious consumption of marketing dollars. And while some casinos are efficient users of marketing dollars, others act more like large beasts, with a ravenous and unending appetite.

A casino that is a marketing beast is characterized, first and foremost by a never ending need to spend money in order to drive traffic through its doors, ostensibly to keep the slot handle up. Typically, a marketing beast is a casino in which there is a marketing promotion or program in effect virtually every day of the year. Bus marketing programs, monthly large drawing drum promotions, daily tournaments, midweek promotions, an endless parade of merchandise giveaways, and

of course, copious amounts of direct mail offers are used to feed the beast. Often these promotions are layered on top of each other with customers coming in and redeeming multiple offers on the same visit. It is as if management is afraid that, without these marketing programs, the flow of business will immediately stop and the beast will collapse. So, to keep the beast alive, money is spent. Empirically, a beast can be defined as a casino that spends in excess of 25% of its revenue on marketing and advertising or has a player reinvestment rate in excess of 30%.

Casinos are never built to be beasts. In fact, most casinos are designed to attract gamers without the need for a constant stream of demand stimulation programs. Rather, casinos evolve into them. The evolution is often slow. It starts innocently, perhaps with a desire to increase midweek or daytime business. Beasts are also created because casino marketers often mimic what the competition is doing or they introduce marketing practices that they may have learned at other properties, even if those programs have no relevance at the property they currently work at.

To create and maintain demand stimulation programs casino leadership assigns employees the task of designing and maintaining marketing programs. Bus marketing coordinators and promotions managers for example, are tasked with creating programs to drive traffic to the property. Their success is predicated, in large part, on how many people they can deliver to the casino. Rarely are measurement programs put in place to gauge the efficacy of these programs, and so they grow.

Slot directors also unwittingly contribute to the growth of the beast. Since they understand more than everyone, the importance of traffic onto their slot floors, they encourage marketers to continuously drive additional bodies into the property. Rarely is the cost of attracting those bodies into the property taken into account since it does not appear as an expense on the slot department profit and loss statement. Those costs appear elsewhere. Therefore, the beast continues to grow.

Taming the beast is no easy task. A gaming organization that has evolved into this kind of marketing animal is faced with a number of challenges. Casino and tribal leadership must take the lead by first demanding that marketing programs be measured. Further they must accept a possible short-term reduction in coin handle in order to improve overall profitability. Ever growing coin handle as a key measure of property success must be supplanted by increases in cash flow as the key measure of success.

Second, it must be understood that customers have been

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thoroughly trained to visit the property only when there is a promotion on property or when they have an offer in hand. They will have to be weaned from these programs. Third, marketing managers, who have been trained and rewarded for delivering as many people to the property as possible, will also be reluctant to alter marketing programs. Any strategy that causes a diminution in visitor volume would be greeted reluctantly. The slot director also would naturally be opposed to changing programs that will reduce coin handle. He/she must be made to understand that some programs cost more money than they contribute to the bottom line. Finally, employees must understand that not all marketing programs designed to drive traffic into the casino are profitable. They are in fact stakeholders because a reduction in business volume might mean a reduction in the number of hours employees work.

The next step to tame the beast is to conduct a thorough audit of all marketing activities. An audit essentially identifies all of the marketing programs and activities that the beast consumes. The audit evaluates those costs and tries to determine each program's effectiveness. Like all audits, they are most effective when an outside firm comes in and conducts it. Audits need to be independent and without bias.

With the audit complete, the next step is to follow the auditors' recommendations. This is probably the most painful part of the process. The beast, by its nature, will be resistant to any reduction in marketing expense. However, the beast needs to be put on a diet. Diets, by their nature, require some form of scale to measure their success. Therefore, each and every marketing program must have in place some form of measurement.

Diets, by their nature, take some getting used to. Customers, particularly the value seekers who are driven to the property solely because of the value of the offers, will complain loudly and vociferously. They will share their frustrations with managers, employees and even tribal leadership. marketing managers, who have been trained and rewarded by driving traffic to the property (often at any cost), will also voice their concern, particularly when they are asked to track and measure the performance of their marketing programs.

Most important, there may be some short term effect on slot handle. However, the reduction in handle will be offset

by an increase in earnings. It is up to casino and tribal leadership to demonstrate patience and not panic when the beast starts to groan. Taming the beast is not easy or quick. The beast did not grow to its current size overnight and it will take some time to reduce its size. Done effectively, the beast can be transformed to an animal that is lean and muscular, with little or no fat. ♣

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