



ANDREW KLEBANOW

10 Ways to Make Your Rewards Program More Successful

Casino player reward programs and the tools to identify and reward players have become the most important elements in casino marketing plans. Nevertheless, for most gaming operators, player reward program participation rates remain low relative to some of the most successful reward programs in the industry. Despite the importance of player reward programs, most operators fail to enroll the majority of players into their rewards program and give those players enough incentive to use their players club cards every time they place a wager.

When evaluating the success of player rewards programs, casinos often look at tracked or carded win as a measure of reward program effectiveness. Tracked win refers to gaming revenue that is generated by people using their reward cards while gaming. Tracked win tends to measure the usage pattern of the casino's heaviest users (those people who visit most frequently and have the highest handle volumes). The tracked win rate refers to the ratio of tracked win to overall gaming win. Even so, most casinos' tracked win rates are low, often hovering in the 25-35% range. Conversely, the most successful gaming companies, notably Harrah's Entertainment and Station Casinos, have tracked win rates in excess of 80%. At the very least, a casino with a successful player rewards program should be enjoying tracked win rates in excess of 50%. Anything less indicates problems that may not be readily apparent to the gaming operator.

1) Differentiate Your Rewards Program

There is a general tendency in the gaming industry to design player rewards programs that mimic those of the competition. Invariably slot clubs in competitive markets offer the same cash back allowance rate and the same cryptic methodologies for awarding complimentary dining privileges to players. Another common technique in designing reward programs is to replicate reward programs that casino managers had experience with in other markets. The net results are reward programs that all pretty much look alike. The most successful reward programs clearly differentiate themselves in the market. Station Casinos' Jumbo Jackpots and Harrah's Total Rewards mail offers stand out among their competitors and allow these operators to succeed in highly competitive markets.

2) Clearly Define Player Benefits

User benefits are the publicly disclosed benefits that a player rewards program offers. These may include a cash back allowance, complimentary dining, participation in promotions and the opportunity to receive direct mail

offers. That being said, most reward programs do not clearly define benefits nor offer an explanation of how to actually earn those benefits. Usually, the only clearly defined benefit is some form of cash back. Other than that, there are no clear benefits that can be communicated to customers.

3) Explain Benefits to Customers

The vast majority of players' clubs employ dedicated employees committed to delivering outstanding customer service. They are trained in the operation of the casino management system, how to enroll customers and issue benefits. However, most employees are not trained to explain how the rewards program works, how many dollars wagered that it takes to earn a point, how many points it takes to earn a dollar in cash back or comps or how to earn other benefits. In fact, the only question asked by many slot club representatives once identification is presented is "do you want a slot card leash?" The initial interaction between new customer and slot club representative is an optimal "moment of truth" when the slot club representative can fully explain all of the player benefits and begin to solidify the relationship between the casino and the player. Yet most casino operators miss this opportunity to sell the club and the casino to new customers.

4) Recruit Customers Off the Floor

Most casinos expect new customers to walk into their properties, immediately seek out the rewards center and enroll in their rewards program. However, customers rarely behave that way. Properly designed casino floors are built to entice customers to play and so customers tend to stop and play. Some make it to the rewards center and some do not. Rarely does the casino employ a staff of dedicated employees who actively solicit new members by walking the floor, identifying customers who are playing without their rewards cards, and enroll them into the rewards program. These slot club representatives also act as hosts-in-training. They learn to identify premium customers, talk to players and build relationships with them. Many casino management systems allow hosts to see the slot floor in real time and identify games that are being played by carded and non-carded players. Additionally, many systems allow hosts to identify "hot players" given certain parameters. Hosts should be trained to utilize this software to identify higher worth players.

5) Simplify Comping Policies

Many casino operators develop complex formulas for issuing complimentary dining privileges. They may be predicated on the average theoretical win over the past three

"The casino's player rewards program must be promoted and promotion requires more than a couple of dozen slot top signs scattered through the casino. Every employee should be trained in understanding the benefits of the casino's rewards program and to communicate those benefits to customers."

visits or solely on the player's last gaming day's gaming activity. Customers want to know how to earn a comp and if rewards center personnel cannot explain, in simple terms, how to earn a comp, customers grow frustrated or simply fail to see the value in club participation.

6) Require Club Membership for all Promotions

Casinos love to conduct all sorts of promotions, particularly drawings for cash, vehicles or merchandise. Drawing tickets are often issued through a variety of means, usually on achieving certain gaming events (i.e. \$25 jackpot, four-of-a-kind, etc). Often club membership is not a requirement for participation. Astute gaming operators require club membership and card usage as a requirement for participation in all promotions.

7) Work the Database

In addition to the publicly disclosed benefits, casino operators have the ability to identify those player segments that are more profitable and utilize demand stimulation programs to increase rates of visitation or spend per visit. Unfortunately, many casinos send out nothing more than periodic newsletters or untargeted coupons of little value. Astute gaming operators constantly segment their databases, design offers to stimulate incremental visitation and greater spending per visit and monitor those results. They maintain a constant pattern of testing and measurement to yield improved marketing performance.

8) Utilize Bonus Modules

Modern casino management systems offer a wealth of bonusing modules to enhance gaming activity, create excitement on the casino floor and enhance customers' gaming experiences. Regrettably, many casinos forego the modest expense of purchasing the full suite of bonusing modules or do not utilize the ones that they have. The incremental cost of buying the full suite of bonusing modules is modest compared to the cost of a casino management system. Furthermore, postponing purchase of those modules may backfire since later versions may require costly system upgrades. Unfortunately, the decisions on which bonusing

modules to purchase are often left to the CFO or IT director and may be driven by price and budget rather than opportunity to grow gaming revenue.

9) Appreciate the Value of the Database

There exists a small cadre of casino managers who believe that it is better not to offer too many rewards or have inordinately large databases of customers because "they only increase marketing expense." They thus design player reward programs to be purposely vague so that they can determine who to reward and when. These managers never fully appreciate the value of the casino's database. They view the database as an expense and not as an opportunity. The casino's database is the lifeblood of a casino and is an indispensable factor in the long-term growth of gaming revenue for the casino.

10) Promote the Club

The casino's player rewards program must be promoted and promotion requires more than a couple of dozen slot top signs scattered through the casino. Every employee should be trained in understanding the benefits of the casino's rewards program and to communicate those benefits to customers. Newsletter, direct mail offers and mass media should be employed to promote not only the casino brand but the rewards program brand. It is not by accident that Total Rewards is synonymous with the Harrah's brand.

A gaming property's casino management system represents a significant outlay in capital. While it serves a number of purposes including slot accounting, cage and credit management, its role as a primary marketing tool must be underscored. Casinos that have low reward program participation rates are squandering opportunities to foster customer loyalty, grow gaming revenue and achieve a competitive advantage in the marketplace. Conversely, the most successful casinos enjoy high participation rates along with fierce customer loyalty. ♣

Andrew Klebanow is Principal of Gaming Market Advisors. He can be reached by calling (702) 547-2225 or email andrew@gamingmarketadvisors.com