



A Behavior Based Approach to Market Segmentation

Market segmentation has long been recognized as a fundamental tool of casino marketing. Casinos throughout the United States segment their customers based on a variety of criteria. Casinos in Las Vegas use criteria such as convention, tour and travel, retail and invited guests. Atlantic City casinos have additional criteria defined by mode of transportation and distance traveled such as bus line run, bus charter, inner market and outer market.

For database marketing programs the vast majority of casinos segment their databases based on theoretical win, actual win, handle, trip frequency and recency of visitation. Once these segments are defined, casino marketers can then design direct mail campaigns that generate profitable, incremental visits. Rarely however, do casinos ever approach their customer segments based on behavioristic or psychographic characteristics.

The notion of examining gaming customers based on behavior was first broached by casinos in Atlantic City in the mid-1980's. More recently, Marketing Results Inc. has applied behavioral models to design more effective casino marketing programs for their client properties. This article examines the various types of behaviors most often displayed by casino patrons and how casino marketers can better design marketing programs to meet their needs.

The Five Behavioral Segments

Early studies identified three basic behavioral segments among casino customers: recognition seekers, escapists and reward seekers. With the proliferation of local casinos throughout the United States over the past decade, additional behavioral segments have become evident. These include socializers and professionals.

Recognition Seekers

Recognition seekers represent a small share of total players yet they command a considerable amount of attention from the casino. These players have a high expectation of recognition from the property they patronize. They expect floor supervisors, restaurant staff and dealers to quickly recognize them and acknowledge their presence. They expect hosts to promptly greet them when they appear on property. Player development departments are designed, in large part, to provide the recognition and service that this segment demands. The reward to the casino property is an intensely loyal, profitable and frequent visitor.

Escapists

Escapists seek a getaway that does not resemble their everyday routine. Gambling invigorates them and awakens senses not normally stimulated in their everyday routines. By their nature, escapists prefer to remain anonymous. In other words,

they enjoy coming into a casino and playing with minimal interaction with casino personnel. They share their loyalty among a small number of properties and require minimal maintenance in the form of personal attention and complimentary services. They are therefore a very profitable segment.

Reward Seekers

Reward seekers are driven to visit a property by the casino's player rewards program or promotions that compensate them for their play. They believe they have a vested interest in the promotions and bonuses that casinos have to offer. It is their ability to identify the best "gaming value" that validates their superiority over other players and the casino in which they play. Double point days and other promotions that enhance the value of their gaming experience are primary motivations for selecting one casino over another.

Reward seekers are also capricious in that they will patronize the casino that has this month's best offer. Their gaming play goes to the casino with the best deal. They have an inflated view of their gaming worth and believe casinos will do whatever it takes to keep them as customers. They are the first to complain if a companion player receives a mail offer and they receive one of lesser value. They are a marginally profitable segment and represent the casino's "grind" play.

Socializers

Socializers visit a casino in order to escape the mundane world around them and to be around others. Even though gambling is itself an anti-social form of behavior, requiring concentration and little distraction, it is the social environment of casinos that attracts these people to a particular property. They are intensely loyal and build relationships with change people, floor personnel and other gamblers. Once they identify with a particular property they become a very loyal, very profitable segment with high levels of visitation. Day in and day out they are the casino's best player segment.

Professionals

With the proliferation of liberal table game rules and full-pay video poker, a small cadre of players makes a living gambling in casinos. They pay very close attention to the types of games casinos offer. They closely scrutinize the pay tables on video poker games, the value of the cash-back component of a casino's player rewards program and comping policies.

Professionals generate large coin handle and accumulate voluminous amounts of slot club points. While an analysis of their theoretical win may indicate a profitable customer, more often than not their actual win/loss is difficult to gauge. Professionals readily pull their cards from reader boxes in the middle of a video poker hand if the outcome looks favorable

in order to hide the true payout. This segment understands how slot clubs work and how casino managers evaluate play.

Professionals will employ a variety of techniques to defend their position in a casino. They brag to hosts about the friends they bring who are not knowledgeable gamers. They readily turn to hosts for upgraded rooms and meals without debiting their comp dollar balances. This segment also poses the greatest threat to local gaming properties seeking to broaden their destination gambler segment. They prey on unsuspecting hosts eager to demonstrate their ability to bring in "big players."

Professionals also share their knowledge in Internet discussion groups. Since their goal when visiting a casino is to consistently make money they become resentful when a casino tightens up their promotional policies and share their views with others. Casinos do not make money off of professionals and their loyalty goes to the casino where they can make the most money.

Design Programs Based on Player Behavior

By understanding what motivates player segments to choose one casino over another, casino marketers and slot operations managers can design programs that target the most profitable

segments while discouraging the least profitable. Casinos that do not make a conscious effort to understand the motivations that drive these various segments to their property risk attracting the least profitable segments. Casinos that attempt to build traffic through liberal gaming rules and full-pay video poker pay tables risk attracting professionals. Multiple promotions layered on top of mail programs attract reward seekers. Once the promotion is over and the mail offers are redeemed, they seek another casino in which to play.

The most profitable segments are not necessarily the ones that are attracted by the traditional marketing practices of many casinos. Socializers require little inducement to visit once relationships have been established. Escapists can be prodded to visit through marketing programs that assure their anonymity while recognition seekers demand respect and appreciation for their loyalty. By first understanding what motivates players to visit, casinos can better design marketing programs that stand the best chance of delivering the most profitable player segments to their property. ♣

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