



ANDREW KLEBANOW

And The Reason You Gave Me This Shirt Was...?

Recently I was asked to conduct a competitive profile of gaming properties in California. In addition to reviewing data on media expenditures, I made a point of spending three days in-market. I read through the newspapers, watched local television and listened to several radio channels. I then drove to each of the casino properties and made note of each competitor's billboards, their theme and messages.

After walking through the first casino and reading the various posters and slot toppers that displayed the current promotions, I waited in line and joined the casino's slot club. Upon completing my enrollment the club rep handed me my card and asked, "What size t-shirt do you wear?" Perplexed, I answered "large" and was told all that was available was extra large and was handed a t-shirt. Without being given an explanation of how the club worked, I rolled the shirt up and completed my evaluation of the property.

I repeated this exercise at a second casino and, after going through the enrollment process I was handed a slot club card along with a voucher good for a two-for-one buffet and a booklet with a variety of coupons, including one for \$5 in slot play, a gift shop discount and a match-play coupon. All this was given to me prior to my spending one dime in the place. Again, I was given no explanation of club benefits – just a card and the coupons. Again, I had no expectation that I would receive any premiums just for showing up. They were just handed to me.

The t-shirt that I received in the first casino wound up in the back seat of the rental car and there it remained after I turned the car in. I am not a big fan of shirts, particularly those that do not fit. I used the \$5 slot play coupon from the second casino but had no need for a two-for-one buffet since I was traveling alone.

What I found curious was that neither casino promoted these giveaways in print, TV, radio or on billboards. Rather than use these premiums to encourage people to visit the casino by promoting them in local media, (or as an incentive to return at a later date) the casinos simply gave them to new members as a reward for just showing up. In other words, they wasted a lot of marketing dollars with no measurable associated revenue. Regrettably, that tends to be the norm in our industry rather than the exception. What was evident was that, despite each casino's best intentions of offering these premiums to new players these promotions were not well thought out and poorly executed.

There are three key elements to the design of any promotion: planning, implementation and measurement. Any promotion that is poorly planned is doomed to fail. Therefore it is incumbent on the casino marketer to thoroughly plan out

the promotion. This starts with clearly stating the purpose of the promotion. What does the casino hope to achieve when it embarks on a marketing campaign? If the answer is, "to make money," then save the money and do not do the promotion. It is already destined to fail. The two casinos previously mentioned could have benefited from a clearly defined purpose for their giveaway programs. In the absence of any other logical explanation, let's assume that their original intent was to grow their databases.

In order to effectively grow the database, the casino marketer must first benchmark its current database. How many new members does the casino normally enroll without conducting a promotion? What is the median first-day theoretical win of each new member? How many of those one-time visitors return for subsequent visits? What is the target growth rate for the database with the promotion in place?

What will be the premium and how will it be used? Does a t-shirt make the most sense or would another "chachka" (a Yiddish expression long used by gaming industry professionals to describe a trinket, gadget or other cheap knick-knack on which the casino's logo is emblazoned) make more sense? T-shirts come in multiple sizes and it is impossible to predict how many of each will be needed. Moreover, do the casino's core customers value t-shirts? Most casinos have a customer demographic that is 40+ and over half are female. Do these customers normally wear t-shirts? Is that something they would aspire to possess or is there another premium that would have a higher perceived value?

How will the promotion be advertised? Advertising a free trinket in a key feeder market may not get a potential customer off of their couch to visit the casino but a well designed outdoor campaign on the primary route from the population center to the gaming district could divert customers into the casino.

Promotions are temporary events. As such they must have an end date. "While supplies last," is an invitation to customer dissatisfaction. Moreover, without a definite end date promotions quickly become entitlements and customers soon expect free stuff every time they set foot in the casino.

Once the promotion is underway, the casino has an opportunity to sell its club to the hordes of new members who will be coming into the property. Is the staff properly trained for this opportunity? Do they have a script in front of them that they can read to each and every customer that describes how the club works and its player benefits? Are club reps scripted to ask how customers heard of the casino and trained to enter that information into the source code field?

Does it make more sense to give the customer the gift upon

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enrollment or a coupon that they can bring back at the conclusion of their gaming visit so that they will not have to carry it through the casino? Did marketing forecast the right number of premiums and are rain-checks available in case the casino temporarily runs out?

Once the database building promotion is over, how will success be measured? Will it be based on the total number of new enrollees, the amount of money those new enrollees spent in the casino or a combination of measures?

How many incremental customers did the casino gain during the promotional period? What was the first day's theoretical win for those customers who came in solely because of the promotion? How many of those first time visitors returned within the next 30 days for a subsequent gaming visit? Without knowing prior to the start of the promotion how success will be measured and putting in place the tools needed to measure the results, these questions cannot be answered.

How much did the promotion cost? This includes the cost of the premiums, all collateral material and all advertising production and placement. Only once the casino has an understanding of all costs and tracked incremental revenue can its managers make a determination if the database building effort was worth the cost.

Casinos require a steady influx of new customers in order to grow and prosper. The foundation of all casino marketing is its player database. A well planned and well executed campaign designed to grow the database can be very effective in attracting new customers. It just takes a little more planning and work than handing each customer that walks in the door an ill-fitting t-shirt. ♣

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