



Marketing Strategies That Get Results

by Andrew Klebanow

The effects of the recession continue to linger. While some gaming operators have begun to enjoy a modest amount of gaming revenue growth, for most that growth has been tepid. To grow market share many operators have resorted to the same tactics that have been used for years in the gaming industry: drawing drum promotions, hot seat promotions, point multipliers and increases in the amounts of free play that players receive as part of their monthly mailers. While many casinos have employed new technologies such as kiosks and electronic drawing drums to better manage these promotions, they essentially use the same tactics that previous generations of casino marketers have done to get bodies in the door.

What the recession has taught casino operators is that tactical offers that are created without sound strategies are rarely effective. They may increase traffic, shift play from one time period to another but they rarely have an impact on profitability. The following are some of the best marketing strategies of 2013 that astute gaming operators have implemented.

Find New Ways to Develop Players

Most casino operators have long recognized that the casino business adheres to the Pareto Principle or the 80/20 rule, which states that 80% of business activity comes from 20% of customers. To this end casinos introduced tiered reward programs and shower a wealth of benefits on those players in the very top tiers. What these programs do not normally do is develop players from the lower ranks. Rather, they use premium tier programs to keep existing players loyal.

One casino in a Midwest market took a different approach. It sought to develop new players from its general database. As business slowed in 2009, management sought ways to trim expenses. With excess restaurant capacity, they decided to close their Italian restaurant and use their steakhouse as their sole upscale dining experience. Rather than keep the attractive Italian room that sat in a high traffic zone shuttered, they found a new purpose for it. They created a lounge for their lower tier customers. Open from 11 a.m. - 2 p.m. and 5 p.m. - 9 p.m., they invited players who had advanced to the first premium tier (\$100-\$300 ADT) to the new lounge. (They still had an ultra-lounge for their top players). Players would show their cards upon entry and could then enjoy a light meal. They could help themselves to cold sandwiches, quesadillas and pizzas, served from chafing dishes along with some deserts. Players loved it. They did not have to use their points or comp dollars; they felt truly special and they told their friends.

The casino operator benefited in a number of ways. The per person food cost was about \$6. This was far lower than the \$18

lunch buffet that that marketing was charged when they comped someone. Cycle time in the lounge was 22 minutes compared to 45 minutes in the buffet or coffee shop so players got fed and back on the floor in less than half the time, which increased their time spent in the casino. These guests felt special and other players aspired to get to that first premium tier.

Get Social

When it comes to social media, there seems to be three kinds of people: those that embrace it fully; those that have social media accounts and occasionally check in to see what is happening and those that have absolutely no interest in it. Regardless where any casino marketer fits, it is critical that the casino have a robust presence on all of the primary social media sites.

There are people within each casino's database that are rabid users of social media. They check in constantly. It is essential that the casino operator stay fully engaged with those customers that participate in social media. This is more than a once-a-week affair. The casino must have an ongoing digital dialogue with those customers who are online. Jackpots, traffic updates, daily restaurant specials, today's drawings, today's drawing winners – there is no end to the topics that can be shared. A commitment to social media means a commitment to stay fully engaged with players and doing so multiple times each day. Best marketing practices demand a commitment of time, labor and money to this new form of communication.

Closely Monitor Free Play Spending

Free Play has emerged as a primary tool for casino marketers. Free play has replaced cash for point redemptions, direct mail offers, floor promotions and even large drawing drum promotions. Unfortunately, from an accounting standpoint, free play is treated differently. It may not appear on the marketing income statement as an expense but may simply be recorded in a contra-revenue account. The net result is that often marketers do not know how much free play is actually getting redeemed. This can create a situation where the player reinvestment rate rises to dangerous (and unprofitable) levels. The best marketing strategy is for marketing to work with accounting to closely monitor all forms of free play redemptions and, for the purposes of market planning and player reinvestment, treat it like cash.

Monitor Your Competition

How much free play does your competition send to their players in their top two tiers? What kinds of special events are they creating for them? Most casinos rely on anecdotal

comments from their customers (or employees who play at other properties) to form an understanding of what the competition is doing. Astute operators measure precisely what the competition is giving to their premium tier customers. They design their own shopping programs, allocating money each and every month and designating trusted employees to play to levels that gain them admission to their premium tiers. Then they monitor and measure all of the offers those players receive. They know the percent of monthly theoretical win that is returned to each premium tier in the form of free play, comps and other perks. They know what kinds of special events their competitors offer their customers. They can then decide the best course of action for their property – based on empirical data, not hearsay.

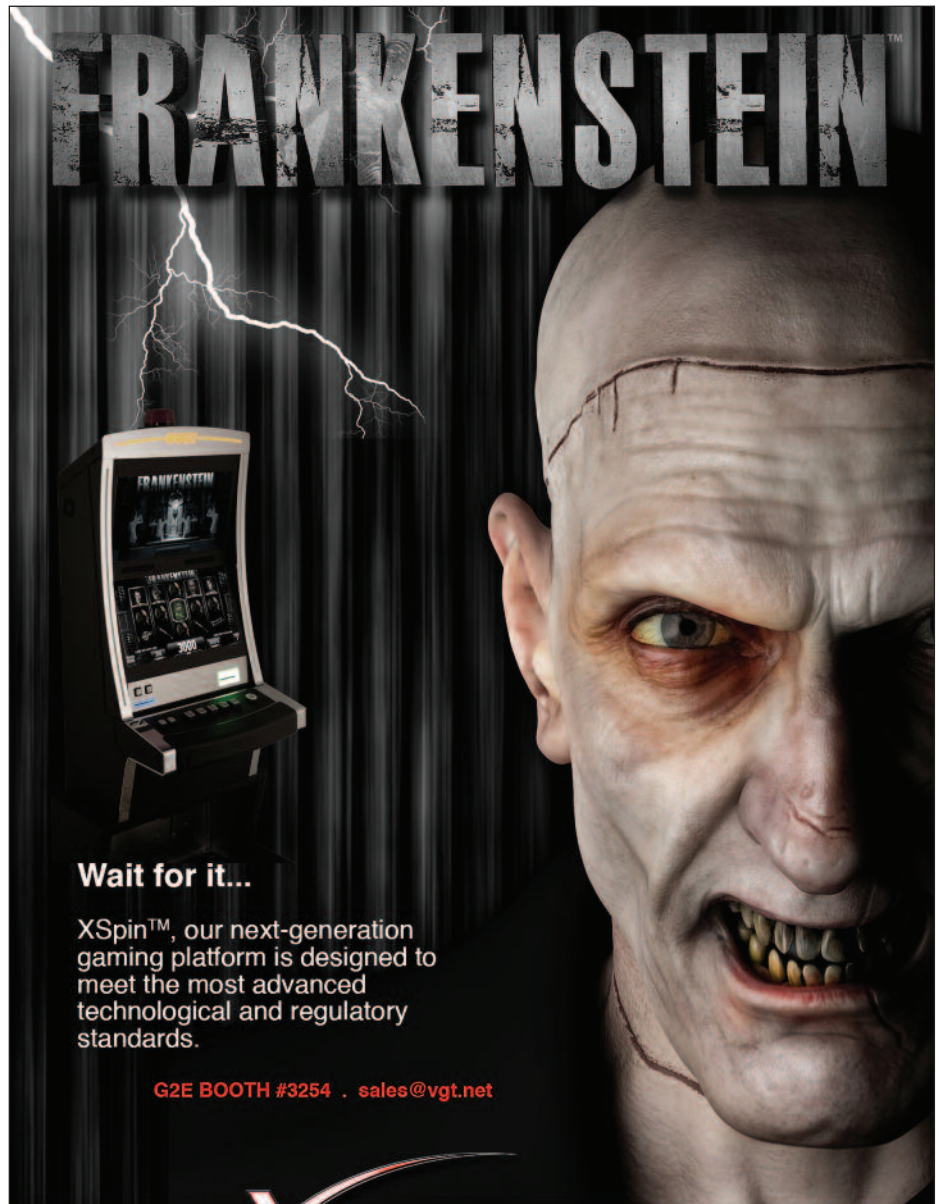
Push It To The Floor

In casino marketing, implementation is 9/10th of the law. The best events, promotions, and marketing programs fall short of their desired results because leadership fails to effectively push implementation of those programs to the casino floor. When it is effective, every employee knows what is happening in the casino each and every day. Whether the employee is a porter, security officer or busser, everyone knows what is going on in the casino. They know what time the next drawing is and where the kiosks are located. They know where to direct a customer for more information. They also know that at any time, the general manager might quiz them on what is going on and maybe receive a small bonus if they can answer those questions correctly.

Casino marketing is more than running drawings, getting the mail out and holding events. The most effective casino marketers constantly develop new strategies that allow them to market smarter, communicate more effectively, measure performance and achieve meaningful results. The recession taught many casino operators that simple marketing tactics are not enough. Sound strategies drive effective tactics. The ones presented in this

article are a few that have emerged this past year as essential in order to compete effectively. ♣

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

An advertisement for the XSpin gaming platform. The top half features a large, stylized 'FRANKENSTEIN' title in a metallic, distressed font. Below the title is a slot machine with a Frankenstein theme, showing a lightning bolt striking the top. To the right is a close-up of Frankenstein's face, showing his iconic bolts and a menacing grin. The background is dark with vertical lines.

Wait for it...

XSpin™, our next-generation gaming platform is designed to meet the most advanced technological and regulatory standards.

G2E BOOTH #3254 . sales@vgt.net

XSPIN

VGT
VIDEO GAMING TECHNOLOGIES, INC.