



Opportunities and Lessons Learned

by Michael McNamee

There are many ways to create marketing success in casinos, but it is never easy. We all face challenges. Having inherited some difficult situations in the past, the following are some lessons learned in the process of creating success.

Host lists – should you balance each host list by average daily theoretical, and as a result, have the same amount of high worth players on each host list?

It is better to consider the player relationship with the host first in taking on any review of host reassignment. Relationships are the engine that drives success. There is nothing wrong with having hosts with lists worth more in total theoretical than other hosts. For one thing, it adds a level of competition among hosts, which can be good.

When hiring a new host, should they bring their own players, or be assigned specific players?

Most of the time, a host is hired because there is a vacancy. This new host then contacts a list of current players. As far as bringing a list of players to the casino, it only matters if the host knows them and there is already an established relationship. Otherwise, it's just like any cold call to these new players. Also, you should only assign these new players if they actually show up for this new host.

Special events and promotions are areas where casinos have opportunities to differentiate themselves from competitors.

Events and promotions can be unique and create excitement, providing reasons for players to visit the casino. Exclusive invites to events can create a level of loyalty to the casino by consolidating play with unique and fun events. In this way, events can also serve as a loyalty builder among the database. Among casinos, loyalty programs are not all created equally. To an extent, events can level the playing field competitively, particularly among mid-level players. Inclusion in events like New Year's Eve or a fun slot tournament keeps a player base engaged with the property and its hosts.

It is hard to imagine a casino not holding events – however, one such property had previously held events and promotions that were not profitable, so they just stopped them entirely. What ended up happening was a huge customer defection and much lost business. There were likely other contributing factors that drove players away from this casino, but as we brought events back into

the fold, research showed many of the players returning had left because other casinos were holding events, and they wanted to be involved in those activities. The lesson learned here is don't overlook the value and impact of events and promotions in the strategic marketing arsenal.

A dimension of marketing sometimes missing in casino programs is the aspect of aspirational behavior.

It's no secret that an understanding of consumer behavior plays a key role in any marketing success. Touching on the consumer's emotional motivation with goals and a "ladder effect" of bundled benefits within tiers in loyalty programs encourages some players to strive to achieve higher status. This helps gain visits and loyalty among the player base, but it's not just enough to have loyalty levels and benefits at each tier along the ladder for players to climb. Players must feel these benefits have worth to them and are worthy of their business. However, this feeling of aspiration will help to influence the decision making of players and guide player choice where to vest their play. In addition to influencing players' motivation, this element of aspiration can also play a role in host bonus programs. Some hosts may rest on their laurels after attaining their goals, or give up early because there is no way they can achieve a particular goal at 100%. The answer to this is a host program paying a token amount of bonus money at 95% of said goal, and accelerating the rate of payout, above 100% of goal. This will positively influence host behavior. They will aspire to book as much business as they possibly can in the period to maximize the higher bonus rate of payout. It works.

How do you evaluate hosts?

Many programs use metrics to evaluate host performance. There are several systems available to do just that, however, some marketers go overboard in creating "goals" for hosts to meet. There is nothing wrong with having goals, but many of these programs do a poor job of setting correct ones and then getting buy-in from hosts. The sheer number of goals can be confusing for the host. This can become a problem of communication. Bundling these relevant revenue drivers into a "host ranking program" is a better way to go, and allows actual host accomplishment to set the expectation for these

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drivers. Also, by including rewards for achievement, it will convey to the hosts what is important to focus on for revenue success. This is much easier to get everyone on the same page with versus a string of individual goals.

Finally, it would be mistaken not to discuss overcomping.

The solution needs to be surgical. If you are comping at 30% and need to be down in the 25% range, it will take time. That is obvious. However, you can't just go cold turkey on the abusers either. You need to continue to comp them, at some level, to keep them engaged. It's important to have a plan on how to execute this – a clear message internally to the staff and to the players. The message needs to be controlled. The comp abusers must be identified and noted in the casino system. Start by meeting with your hosts to ensure they understand what they are required to do. It's important to monitor the progress of this initiative over the months you will be focusing on reducing costs. The message you don't want to send to your player base is "we are cutting back on comps at the property."

Creating success in marketing can be fun, even though it is hard to do. "If it wasn't hard, everyone would do it," Tom Hanks' character says in the movie *A League of Their Own*. The challenge is what makes it great. ♣

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