

How a Professional Casino Consultant Can Help 'Optimize' Your Casino's Marketing Plan

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Marketing has often been referred to as the heartbeat of the casino resort. Almost every single function in a modern casino property today is either driven by or influenced by casino marketing in one way or another. Unfortunately, it is an area that is often taken for granted by many casinos. The problem is that the casino marketing process needs to aggregate many different functions so that they work harmoniously and in sync with each other for a common set of goals with the most important goal being for the casino to make a profit. However, there are short-term and long-term strategies that can enable this process by utilizing different tactics. As professional casino consultants, we have witnessed too many instances where casino management opts for short-term goals, strategies and tactics in order to make budget for the year and obtain an annual bonus or incentive reward such as stock grants or options. This approach may sound good but it may, in fact, be diametrically opposed to the long-term goals of the owners, the public listed corporation or the Native American Tribal owners of the casino.

Therefore, professional independent casino consultants are often employed to help balance the marketing planning process to maximize both short-term and long-term goals. A qualified, independent casino consultant will recognize the issues quickly and will be able to inject their many years of practical experience with casino marketing to help produce a well balanced casino marketing plan. Casino Marketing is not an exact science and therefore experience does count in order to avoid the pitfalls and traps that may unexpectedly surface or arise from bad planning or from well meaning advertising agencies who really do not totally understand the dynamics of gaming linked to the emotional feelings of entitlement, greed or other customer emotions.

Casino consultants will help insure that the marketing planning process has discipline and also follows certain well established industry practices. Before beginning the actual development of a casino marketing plan, the professional casino consultant will help educate the casino operational team so that they better understand the complete casino marketing process. We use the term education rather than training. We strongly believe that we train dogs and we train horses but that we educate people. There is a difference. The education process is not complicated but it is necessary if casino owners or casino managers want to optimize the value of their casino marketing plan. A brief crash course in the basics of casino marketing planning follows.

PART I: A MARKETING PRIMER

I. BEGINNING AT THE BEGINNING

The practice of casino marketing is part art, part science, and part voodoo.

A. THE GOALS OF CASINO MARKETING

The goal of business is to generate profits¹. To the task of achieving profit goals, the casino resort applies a multi-disciplinary approach including such disciplines as Human Resources, Accounting/Finance, Operations and Marketing. The objective of the marketing discipline is to create demand for the business utilizing two primary approaches: Product Marketing and Program Marketing.

The goal of Product Marketing is to stimulate demand by conceptualizing and delivering a good or service that meets or exceeds a consumer need, want, or expectation at a price that creates a real or perceived value.²

The goal of Program Marketing is to stimulate and channel demand among consumers or gamblers who would otherwise not patronize the casino resort unaided (i.e., for product reasons alone) by using various casino marketing techniques, promotions, and incentives.

An effective casino marketing effort must have *both* an effective Product Marketing *and* Program Marketing effort. It is difficult to develop successful Program Marketing efforts around products that are sub-standard or misaligned with the marketplace. Likewise, it is difficult to develop successful product lines without effective advertising, casino promotions, casino special events and casino loyalty programs.

¹ In capitalistic operating environments, as long as private capital invests or loans the money for the construction and operation of a casino, profit is the driving force of the project. There may be other goals by governments (including Native American/First Nation tribal councils and certain international venues) issuing the licenses or, in some cases, actually owning the gaming operation. But, other goals such as job creation, generating taxes for the government, stimulating a local/regional economy, attracting foreign investment capital, and/or generating an inflow of foreign currency from international tourists are still typically maximized over the long term if profits are maximized.

² To this fundamental axiom, may be added two modifiers: ... develop a product (i) that niches or beats the competition, and (ii) at a price-volume-cost that allows the business to achieve target financial results.

B. A DEFINITION OF THE GAMING PRODUCT

The product of a gaming resort³ -- i.e., what a gaming resort sells and consumers come to buy -- is an adult gaming related entertainment experience. As such, gaming resorts do not sell tangible, 'hard' products such as automobiles, CD players, or sport coats. Rather, they sell an intangible, entertainment experience. Any given gaming project, therefore, is not only in competition with other gaming resorts, it must also compete with all other non-gaming activities that fight for the consumer's disposable dollar and leisure time.

To compete, a modern gaming resort offers a rather broad smorgasbord of entertainment, relaxation, and recreation activities. These include but are not limited to: the many varieties of gaming, bars, lounges, restaurants, live entertainment, sporting events, shopping, theme park rides, animal habitats, and virtually anything else that the human imagination can conjure up and technology can deliver. While most guest visits will be motivated by a desire to patronize one primary activity, a guest's entertainment experience comprises the *sum of all of the space-time contact* the visitor has during their visit with the building, activities, employees, other guests, and the environment created by the gaming resort. These visitors will determine their satisfaction with the trip and, in turn, their desire to return for a repeat visit, not by whether they win or lose, per se, but by the Entertainment Value created from the total experience relative to their out-of-pocket expenditures.⁴

Every professional casino consultant will explain that the gaming product -- the experience -- is determined by a combination of both Production *and* Consumption Variables. The responsibility for the first half of the product equation resides with the gaming resort that is responsible for 'producing' the experience. The production process is complex and involves a number of elements, e.g., the design of the building, the service levels provided, the courtesy/professionalism of the employees, and the price/cost of the various services provided. Additionally, it may also involve X-factors, WOW experiences or more esoteric forces such as the gaming resort's ability to create a reputation as the 'in casino' to see and to be seen in.

The value of the gaming experience is also subject to consumption variables and the consumption process, i.e., how each person experiences that which is being produced. Despite thousands of visitors each day that might appear to be 'one customer,' no two guests experience the gaming resort the same way. Even couples walking hand-in-hand through the same trip will come away with two similar but different experiences because of their own expectations, priorities, and subliminal filters of what occurs.

³ Gaming takes place in a variety of formats ranging from gaming only facilities (e.g., riverboat gaming) to urban entertainment complexes to destination mega-resorts. For the purposes of this article, the term "gaming resort" will be used to apply to all forms of gaming venues.

⁴ Most visitors do not expect to win and therefore factor into their visitation budget the amount they are willing and capable of losing.

C. CASINO “PRODUCT” MARKETING

The goal of Product Marketing is to create the best magnet possible that ‘pulls’ the maximum number of potential visitors to the gaming resort powered by the inherent attractiveness of the products offered. Because gaming resorts offer experience-based products and, to a somewhat lesser extent, most properties are fairly large, gaming resorts literally offer hundreds if not thousands of different types of products at one time. Beneficially, without having to change the facilities or services of the resort, the dynamics of the gaming resort product(s) allow executives to package and re-package their property to appeal to a variety of bulk market segments and potentially, to an infinite number of more narrowly defined market cells. Casino Marketers may employ broad appeals to potential patrons looking for a leisure oriented day-trip or a vacation at a new, fun, and exciting casino venue. At the other end of the spectrum, gaming resorts may also develop casino marketing programs aimed at such small target market segments as census tracts, city blocks, or to individuals, i.e., the proverbial high roller.

To illustrate how a Casino Product Marketing approach may be utilized by continually redefining and refining a product line, the casino marketer may start with appeals based upon the primary reasons for the trip, e.g., visitors looking specifically for a gaming, food, entertainment, recreation, and/or convention experience. Taking the gaming track, a gaming appeal may be further sub-categorized into visitors wanting to play table games, then further categorized by those who want to play high limit table games, then baccarat, then baccarat players playing on credit, baccarat players on a comp⁵, and Asian players playing baccarat. Going further, there are players who prefer mini-baccarat versus the larger baccarat table, players who come to the casino only through what are known as junket representatives, off-shore/international versus domestic players, and those who speak English and those who do not. This approach continues until the imagination and/or energy of the casino marketing team is exhausted.

Utopia, in Casino Product Marketing, is to have identified *every* product which the gaming resort can reasonably produce (and make a profit from) that attracts, tugs, and pulls *every* potential visitor out of his or her homes to the door of the gaming resort to try their products at least once. Simply put, Product Marketing creates products for markets while Demand Marketing creates markets for Products. The professional Casino Consultant will often explain that these efforts are not mutually exclusive. They should be pursued at the same time, with priorities shifting and marketing dollars allocated depending upon which strategy affords the gaming resort the best Return on Expense

⁵ A ‘comp’ is a marketing tool designed to motivate longer play at a higher average bet and/or develop player loyalty. Essentially, it is a volume discount wherein if a player generates sufficient actual or theoretical revenue for the casino, the casino may extend a free drink, meal, show, gift, and/or reimbursement for travel expenses as a reward and incentive to continue to play.

D. CASINO “PROGRAM” MARKETING

The goal of casino program-driven marketing is to increase profit by generating a greater volume of visitors to the casino resort than would otherwise make the visit unaided. Where the volume of demand catalyzed by the product alone fails to fill available capacity and/or meet target financial goals, Casino Program Marketing takes over. Casino Program Marketing is a repetitive, overlapping, and iterative process that brings a parallel and serial stream of non-product motivators to the marketplace to push potential customers out of their chairs, away from competing activities, and psychologically herd them to the door of your casino resort. These motivators may range from such innocuous programs as awareness building public relations efforts to sophisticated database driven promotions to special casino events drawing world-wide attention. While Product Marketing pulls, Program Marketing pushes visitors to the door of the gaming resort.

It is well to remember that gaming has almost universally proven to be a popular product. The attractiveness of gaming goes back in time as far as human history has been recorded. When gaming is brought to a new marketplace, there is a latent amount of unsatisfied demand that will patronize the new property with little if any promotion, advertising, or other marketing stimulation. Casino Program Marketing efforts should seek to fill unutilized capacity. Put another way, casinos should not spend money when they do not have to.

In theory, the professional casino consultant will explain that the application of Product-Program marketing should follow a sequential pattern. The product is introduced into the marketplace when the casino opens with a starting capacity. As initial demand patterns stabilize, unutilized capacity is filled with Casino Program Marketing efforts. As the initial product capacity reaches optimal utilization levels, more capacity should be added with more Casino Program Marketing efforts applied. As demand is satisfied for a given set of products, the gaming resort must then broaden the market appeal by continuing to add product(s) until every possible product that is symbiotic with the gaming resort has been included. In turn, the Casino Program Marketing process is not complete until the last potential person who would or might enjoy the product(s) offered has visited the gaming resort at least once and, for those who enjoy and can afford such visits, are making as many repeat trips to the gaming resort as they so desire.⁶ In practice, of course, a multitude of Product and Program marketing efforts are employed both serially and in parallel in whatever order business conditions so dictate. The casino consultant can independently and objectively help evaluate this and advise you accordingly.

Demand thought of as visitor volume, however, begs the question of how much is enough. In gaming, the same amount of revenue may be generated by a large number of visitors spending a relatively small amount per visit or a small number of visitors

⁶ Marketing is an insatiable exercise. However, this does not mean gaming resorts market to customers who cannot afford to gamble or to compulsive/problem gamblers. Casinos should be and are socially responsible recognizing their moral obligation to be good citizens in the community in which they operate, draw from, and make a profit.

spending a large amount.⁷ The former approach is commonly referred to as mass marketing. This target market has somehow taken on the label as the ‘grind market,’ ostensibly because casinos must grind out small amounts of casino win from each visitor to reach their target financial goals. The later market is commonly referred to as the premium market and, at the extreme, includes the infamous high roller. Of course, the real marketing world is not clearly defined with only two market segments. Nor are these two general classifications mutually exclusive. A gaming resort should cater to both groups as well as any gradations within each group deemed viable. Many casinos today segment their market segments into mass, mid-level, high-end, niche and international / domestic ethnic. The theoretical concept of quantity versus quality should alert casino marketers to think in terms of whether their goal is to increase revenue/profits by increasing volume (i.e., the number of visitors), the gaming quality of the visitor (i.e., per capita budget), or both.

II. THE CONCEPT OF CASINO MARKET SEGMENTS

Program driven programs are meant to work in and on markets. In practice, this means they are meant to work on market segments, and even more specifically, people within the target market segments. The goal of any casino marketing program is to motivate individual people to act.

Casino Marketers resort to bulk marketing approaches because it is simply more efficient from a cost point of view to apply the same motivational program to as many people as possible that are likely to react to it. Bottom line: each casino marketing program must be aimed at a specific target market segment(s) to be successful.

Conceptually, casino marketers should think of their potential market as a sphere comprising innumerable cells. In the beginning, no one knows the size or shape of the overall market sphere nor the number, size, shape, or definitional elements of the market segments contained within. While people are counted only once in a census context, for

⁷ This dynamic is rather unique to gaming because the ‘price’ or cost of gaming is not fixed. The potential rate of player loss (or casino win) is determined by casino via the rules of the game that, in turn, create the statistical advantage the casino has over the player. Added to this, the casino controls the target speed of table games through dealing procedures and the amount bet through table minimum-maximum bet policies. These factors, controlled by the casino, determine the Earning Power of the Game, i.e., the earning rate of the game before a player enters the game. The Earning Power of the Game varies by the type of table game and slot machine. In most cases, it also varies by each type of bet. The player determines the actual rate of loss through their decisions regarding which game to play, the size of bet, time played, and their sense of what constitutes a reasonable exit criteria, i.e., how much they are capable and willing to lose. These factors determine the Earning Power of the Player, i.e., the rate at which the player generates revenue for the casino and the probable revenue earned for a given visit. For any given unit of gaming, and consequently any given casino, the revenue potential may vary greatly depending upon the casino controlled variables, player variables as well the quantity and quality of players. Theoretically, the maximum capacity of the casino is the product of the number of gaming positions times decisions per hour times the statistical advantage of the casino times the highest average bet the marketplace can deliver times the hours of operation.

a casino marketer, the same person may be included in multiple casino market segments. Potentially there are virtually an endless number of ways to create, categorize, and use casino market segments. The list below illustrates some approaches and indicates how such overlap occurs:

1. Geographic: inner resident market (e.g., within 1 hour drive to gaming resort), middle resident market (e.g., within 1 to 2 hour drive), outer resident market (e.g., over 2 hour drive), and overnight visitor.
2. Demographic: e.g., age, occupation, education, income, and marital status.
2. Psychographic: e.g., social-mongers, risk-takers, sports-minded, and fun loving.
3. Cultural background: e.g., ethnicity, religion, and country of origin.⁸
4. Mode of transportation: e.g., auto, bus, train, airplane, helicopter, private jet.
5. Availability/Free Time: e.g., retired, working age but not currently working, students of gaming age on vacation, owner/entrepreneur/consultant who dictate their own work time, workers with mid-week days off, and those who work a late or 'grave yard' shift.
6. Group affiliation: e.g., group travel, non-business associations/groups, business associations/groups, convention attendees, exhibit attendees, and event attendees.
7. Events and interests affiliated to those offered by gaming resort: e.g., golf and other specific recreation, sporting events, special events, entertainment, shopping, and other activities within the region.
8. The number of remaining categories is limited only by the effort, research, creativity, raw energy, and the intellectual capacity of the Casino Marketing Team.

Methodologically, the use of market segmentation allows the Casino Marketing Team to strategically promote the gaming resort from the property 'outwards', i.e., identify a specific property objective such as increasing midweek utilization or increasing play at the craps tables and then finding markets to satisfy these objectives. In reverse, it also allows the Team to develop strategies from the market 'inward', i.e., continuously scan the marketplace for under-penetrated and new markets and then find products and/or motivators to extract new demand. Once identified, each target market may be approached with a casino marketing program specifically tailored to its needs, wants, and expectations.

By way of example, seeking to increase room revenue beyond the traditional Las Vegas norm, the Venetian constructed a private convention center adjacent to the hotel and casino that was capable of competing for large, international markets capable of and used to paying higher than average room rates. Conversely, the Boyd Group, which had a property in the highly competitive downtown area of Las Vegas fighting competition from the bigger and newer Las Vegas Strip mega-resorts, positioned it to cater and market almost exclusively to the Hawaiian market.

⁸ Note that such categorization is utilized only if there is a marketing reason to do so. Certain groups may read certain magazines, may have time off from holidays specific only to them, or have a cultural proclivity towards gaming that exceeds other cultural groups.

Just as in military warfare, casino marketing warfare is never as clean or precise in the marketplace as it may be thought of in classroom discussions of theory. In practice, casino marketing programs jump around within existing marketing segments as well as beyond previous geographic boundaries in varying degrees of systematic approach and random walk depending upon the preferences of the owner, character of the Casino Marketing Team, dynamics of the marketplace, responses to research, and a host of other factors. Nonetheless, by intention or by accident, casino marketing just like guerilla warfare is a never ending, iterative process that continuously slices, dices, defines, and re-defines the hypothetical marketplace sphere, bombarding it with new programs to extract more visits. While casino marketing never stops, it is important for the Casino Marketing Team to know what it is doing when it is doing it so that an experiential base builds to help determine what to do next. This cannot be done without knowing which market segments are being targeted at any given time. This is one area where the services of an independent casino consultant can help since the casino consultant will try to view the operation from the 30,000 foot level before offering any suggestions or advice.

III. THE CONCEPT OF THE MARKETING CYCLE OF DEMAND CREATION

The Market Cycle chronicles the decision process of the customer.

When developing demand-driven casino marketing strategies and programs, it is helpful to think in terms of the Market Cycle of Demand Creation. The casino consultant will further explain the concept of the Market Cycle which is premised upon the chronology of the human decision process. The Market Cycle which also applies to casino properties comprises the following sequential phases:

1. Create Awareness.
2. Motivate Trial
3. Generate Repeat Visitation

First, consumers must be aware that the product or service exists. Second, the casino marketer must motivate an initial trial or, in the case of a gaming resort, a visit. Third, the gaming resort must convert as many first-time visitors as possible into a core group of loyal, repeat players. While any gaming resort will have and benefit from visitors who only visit once, the first two stages essentially serve to position the casino to apply the third phase. Most successful casino companies owe their long-term success to a relatively small core group of loyal customers who generate a disproportionately large share of their revenue and profits.⁹ Figuratively, the objective is to continually ‘shovel’ from the marketplace as many new visitors to the door of the gaming resort as possible. Then, from these anonymous visitors, identify target players, make contact with them,

⁹ It is not unusual for some casinos to generate 60% to 75% of their revenue or more from known, rated play. And, within this group of known players, casino statistics have shown that as few as 20 percent of these players may account for as much as 80 percent of the rated casino win. This is referred to as Praeto’ Principle – 80/20 Rule based upon 20% of the customers generating 80% of the casino revenue.

capture their name, identify their address/telephone number/other contact points, determine their likes/preferences, and then develop a range of programs to develop loyalty and generate repeat visits. In the modern casino marketing vernacular, this is known as database or relationship marketing.

When opening a new casino resort facility, the initial emphasis must be on creating Awareness since, by definition, no one has heard of the otherwise 'new' gaming resort. As Awareness builds, however, emphasis must shift to promoting Trial, beginning with opening day and then continuing in perpetuity thereafter. As a database increases, programs are developed to build Repeat Visitation.

The professional casino consultant will always explain that the Market Cycle does not take place once and then stop. Likewise, as one phase begins, this does not mean the previous phase ends. Indeed, it is unlikely that Awareness can be built to target levels through any one casino marketing program. Consequently, many gaming resorts will periodically research the market to determine top-of-mind, unaided, and aided awareness levels. In turn, this research dictates when and where to begin or restart Awareness reinforcement campaigns. Similarly, as new services and amenities are added to the gaming resort, Awareness campaigns will be necessary. Such additions may be as grand as new hotel suites, restaurant, or spa or as subtle as a new gaming policy, liberal-ized complimentary policies, or the addition of a new casino host/hostess or casino player development executive. Essentially, anything new requires an Awareness campaign to introduce it to the marketplace. Once open, however, Awareness campaigns are often coupled with Trial strategies so that both Awareness and Trial objectives are achieved in one program to reduce the delivery and other costs of the program.

Trial programs are also continuously applied to the marketplace. Under-penetrated existing markets are typically approached first and bombarded with a series of differing programs designed to activate latent demand. As close-in markets are saturated geographically, demographically, and/or psycho-graphically, the casino marketing sweep continues to extend outward in search of new markets. Essentially the largest and/or 'easiest' market segments are targeted first until diminishing returns make another target market segment more attractive. Since, by definition, there are an infinite number of market segments, the success of each casino marketing program must be tracked to determine the current penetration level as well as the build-up of resistance until the saturation point is reached.

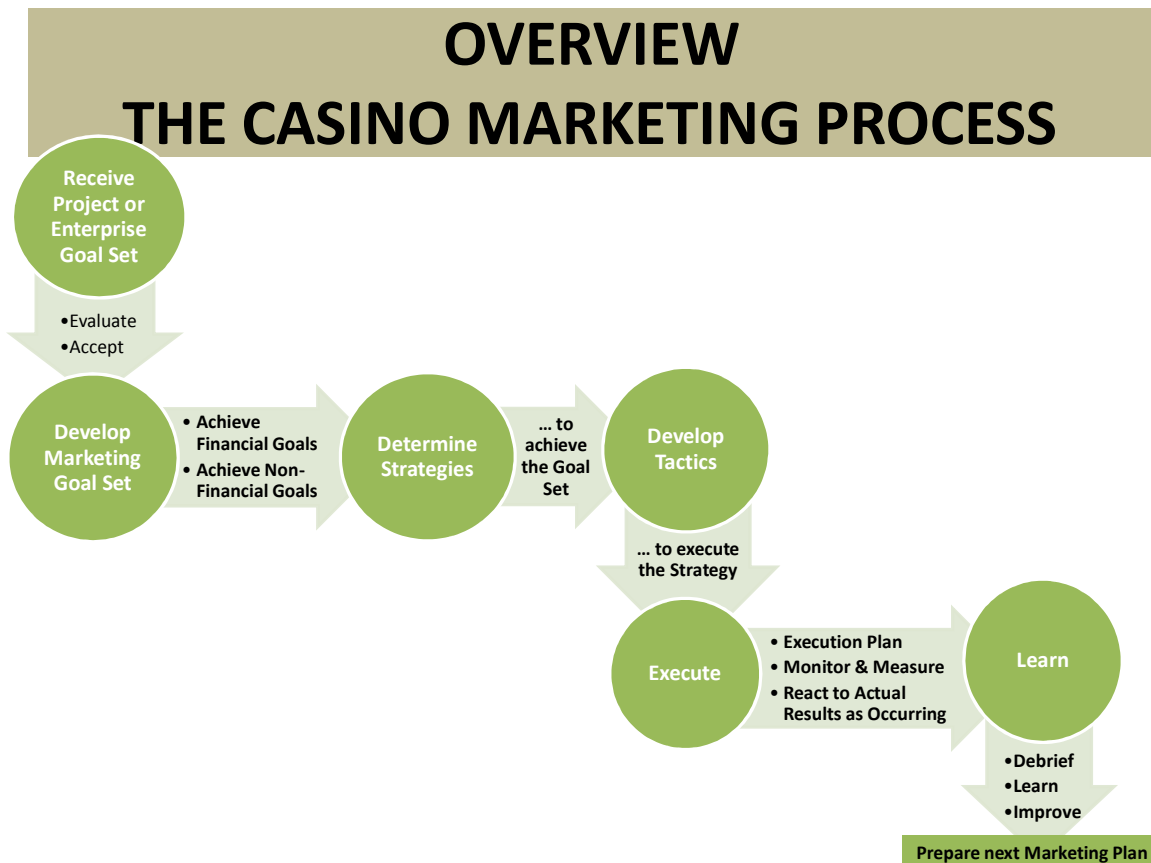
And, of course, the same holds true for Repeat Visitation. The same player will need a variety of incentives to induce them to make a return visit. Not all slot players, for example, want to play in a slot tournament every visit. New strategies, tactics, and individual programs need to be continuously defined, redefined, and redefined again to identify new reasons to make a trip. Here again, tracking results may become as important as the program itself to ensure high yield on each marketing dollar expended.

In many venues, gaming licenses are restricted creating geographic monopolies and oligopolies. Regardless, whether operating in a market with few gaming competitors or

one with many, the Market Cycle must still be applied. In competitive marketplaces where the competitor is always trying to out-shout the messages of the other gaming resorts, there is even a greater need to reinforce Awareness, re-invigorate Trial, and to defend against other properties attacking the database of another. And, it is worth repeating, even in a monopolistic market, the gaming resort is still in competition with other forms of leisure activity and also competes for ‘share of wallet’.

Each potential visitor located within the aforementioned market segment cells will always be at some point in the Market Cycle relative to a product or product line. Casino Marketers, whether they realize it or not, are constantly applying programs aimed at some phase in the Market Cycle to new, existing, and changing market segments. For communication, tracking, and efficiency purposes, it is helpful, however, if the Casino Marketing Team thinks and talks in terms of the Market Cycle and Market Segmentation.

With this academic framework in mind, each gaming resort needs to develop its own individual Casino Marketing Plan based on the specifics and the dynamics of the marketplace in which it competes. Once again, the independent casino consultant will view this from the 30,000 foot level before offering any advice or direction to help with the process.



PART II: DEVELOPING A CASINO MARKETING PLAN

I. THE PROCESS OF DEVELOPING A CASINO MARKETING PLAN

Despite the occasional appearance of a true marketing guru who single handedly but often chaotically generates great results, for the rest of us mortals the goals of casino marketing are best achieved by making casino marketing a systemic process in order to achieve long term success.

A. OVERVIEW OF THE CASINO MARKETING PLAN PROCESS

Part art, part science, and part voodoo, casino marketing no doubt benefits from creative, opportunistic, and sometimes 'wild-and-crazy' ideas. Moreover, given that the marketplace and the competition is constantly changing, casino marketers must be ready to change direction, react to competitive surprises, take advantage of unexpected opportunities, and use a new marketing idea that pops up out of nowhere if it has merit. But, given a finite amount of time and marketing dollars, the best way to maximize results is to have a formal casino marketing plan -- any plan -- that will provide a structure to this rather uncontrolled environment and upon which such ad hoc activity may take place during the year. In this way, the randomness of creativity may be melded into a track-able and managed process in order to maintain direction and sustain/build momentum toward long term success.

The development of a casino marketing plan includes several key phases and tasks. They are:

- Phase 1: Conduct a thorough historical REVIEW and ANALYSES of such areas as: financial results, demand/utilization, consumer satisfaction, market penetration, employee morale, and the competition.
- Phase 2: Develop a comprehensive list of OBJECTIVES that (i) individually improves the product, solves problems, improves efficiency, addresses needs, responds to competitive threats, and/or takes advantage of opportunities, and (ii) collectively satisfies the casino marketing objectives of the company.
- Phase 3: For each objective, establish a GOAL to provide a focal point for the development of each program and a measurable benchmark so that the Casino Marketing Team objectively knows what they are trying to achieve.
- Phase 4: Develop STRATEGIES to achieve the goal.
- Phase 5: Develop TACTICS to implement the strategy, i.e., casino marketing programs to implement the strategies.
- Phase 6: Project COSTS and BENEFITS of each program.
- Phase 7: Develop the ADMINISTRATIVE aspects necessary to implement the casino marketing plan.
- Phase 8: IMPLEMENT the plan.
- Phase 9: MONITOR the plan and ADJUST.

Phase 10: Conduct a POST MORTEM and debrief the Team.

B. CREATING A STRUCTURE FOR THE CASINO MARKETING PLAN

Once again, the independent casino consultant will always explain that the casino marketing plan is really not one plan but a compendium of many individual marketing plans each aimed at achieving a specific marketing goal. The compendium of marketing objectives should combine to achieve the overall stated company goals of the casino resort.

Given the scope and complexity of most casino marketing plans today, it is beneficial to organize the casino marketing plan so that the Casino Marketing Team can see the proverbial Big Picture all at once. This is perhaps best achieved by forming a grid onto which each marketing objective, goal, strategy, tactic, budget, and projected result is placed. One approach to creating this grid is to follow the consumer and theory driven approach previously described, i.e., create the grid utilizing three primary categories:

1. By the PRODUCT: i.e., by the amenities and services offered.
2. By whether the overall strategy is PRODUCT DRIVEN or DEMAND DRIVEN.
3. By how the issue relates to the MARKET CYCLE.

Once the objectives and goals are properly placed in the grid, the preliminary cost-benefit projections of each program are then posted and summed across and down the grid. This allows the Casino Marketing Team to evaluate the probable cost and effort allocations to determine if initial prioritizations make sense and the plan is properly balanced. It also allows the Team to determine if the projected increase in profits achieves the target financial results within the allotted budget. Of course, these initial 'guesses' are refined and become more accurate as the casino marketing plan evolves from concept to specific programs. Accordingly, this pause-and-review is done several times during the evolution of the casino marketing plan. The grid provides the Casino Marketing Team a mechanism to review, modify, and iterate each program within the casino marketing plan until the cumulative cost-benefit of all of the proposed marketing programs are within budget and achieve the overall target goal.

Each casino property and Casino Marketing Team may use a different approach to formulating the grid structure. During the conceptual development and implementation phase, during the post-mortem evaluation, and from planning period to planning period, the use of a grid combined with a discrete identification system allows the team to track and monitor the success of various programs and aspects of the casino marketing process over time.¹⁰ Doing so changes what would otherwise be random acts of marketing into a process that can learn from previous efforts, repeat what works, modify what does not, and provide an environment where new ideas may be nurtured because the proponents know their ideas will be given a fair trial.

¹⁰ Identification schemes may be utilized to link and track programs to products, market segments, types of programs employed, levels of dollars spent, and other attributes helpful in tracking progress.

C. DETERMINING OBJECTIVES AND SETTING GOALS

With the grid as a skeletal structure, the Casino Marketing Team may focus on developing a set of objectives. The initial origin of an objective may come from a variety of sources including directives from owners, third-party suggestions (e.g., from lenders, Wall Street analysts, or advertising company account managers), opinions of ranking executives, or ideas up-streamed from within the casino organization or the Tribal Council. These rather ad hoc inputs should be complemented by objectives that flow from a more objective and logical process, i.e., a comprehensive review of historical project performance, customer intercept studies, market analyses, employee morale evaluations, and competitive surveys. Casino Marketers should identify and prioritize objectives by which opportunities will generate the greatest visitor demand/revenue at the lowest cost, e.g., rank ordering the list of objectives in terms of the “largest/easiest/quickest/least costly/least risky” to the “smaller/more difficult/slower to develop/expensive/greatest risk” markets and programs.

Casino consultants will often develop the following which lists the typical challenges and opportunities that lead to a casino marketing objective and goal in a business plan:

1. **FIX THE CURRENT PRODUCT:** e.g., align the various products offered by the gaming resort with what current visitors need, want, or expect to increase ‘this-trip value’ and motivate more repeat visitation. Each product at the gaming resort must be developed until it meets or exceeds customer expectations.
2. **CREATE NEW PRODUCTS:** e.g., identify new products that may awaken latent demand.
3. **INCREASE THE PROFIT FROM CURRENT REVENUE:** e.g., if a gaming resort is over-spending to secure a given market segment, then there may be an opportunity to increase profits by carefully reviewing expenditures and reducing or eliminating those that are unnecessary. It is not uncommon for cost cutting programs to reduce revenue but to increase profits through greater efficiency.
4. **EXTRACT MORE FROM THE CURRENT VISITOR BASE:** e.g., if the data base history shows that the average slot player is only making three trips per year and the typical benchmark repeat visitation rate for a similar market is six trips per year, then there is probably room to grow.
5. **ADDRESS PERIODS OF UNDER-UTILIZATION:** e.g., if only 50 percent of the tables and slot machines are occupied, then at least there is capacity available to fill if markets can be found to generate the demand necessary to fill it.
6. **ADDRESS UNDER-PENETRATED MARKETS:** e.g., if the gaming resort is only capturing 20 percent of the adults within a one hour drive of the property and the typical benchmark penetration rate is 40 percent for the market in question, then there is probably room to grow. Regardless of the current penetration rate, if the last program aimed at a given market segment yielded double digit growth, then resistance to casino marketing programs is still low and it is likely that other programs might still work.
7. **CAPTURE GREATER MARKET SHARE FROM THE COMPETITION:** e.g., if a gaming resort has 20 percent of the gaming capacity in a given market and it is only generating 15 percent of the market casino revenue then the gaming resort is only capturing 75 percent of its fair share. If the benchmark for casinos in similar

circumstances would indicate this gaming resort should do at least 90 percent of its fair share, then there is probably room to grow.

8. **CREATE NEW MARKETS:** e.g., add an international marketing program with the goal to cater to this “high roller” segment at a cost-benefit and risk-reward profile that aligns with the company’s target levels of profit margin and tolerance for volatility.

Note that in addition to the above, there may be certain important subjective goals that are still relevant and could improve results. Such goals may be subtle such as improving morale, focus, and energy of the Team. These types of soft issues should be included in the casino marketing plan and every attempt made to establish quantifiable goals around such objectives. In the example given, a Quality of Work Life survey could be conducted before the start and after the end of the planning period to evaluate program results.

Each objective should be accompanied by a measurable goal. Some casino consultants will go so far as to say that no objective should exist unless it has a measurable goal. The rationale is the same reason as to why there is a finish line on a runner’s track. The finish line exists so that runners know when the race is over, who won, how they finished, how they performed, and where to focus their attention to improve their results in the next race. It is incumbent upon the top echelon of a company to make sure that marketing goals are not surrogate ‘gotcha’ devices when the first goal is not achieved. Rather, such objectives and goals should be rallying points around which the Casino Marketing Team coalesce knowing some will be achieved, some surpassed, and some missed.

The end result of the objective/goal matrix should be the best combined solution the Team can develop to produce the greatest result within a finite budget of time, resources, and funds. When evaluating the innumerable options before them, the Casino Marketing Team should be able to prioritize them based upon the inherent reasonableness of the objective and its implied (but not yet fully quantified) cost-benefit/risk-reward profile.

II. DEVELOPING STRATEGIES, TACTICS, AND CASINO MARKETING PROGRAMS

The agony and angst of a casino marketer is they just know there is program for each person in the marketplace with a proclivity toward gaming that if conceptualized, packaged, and delivered correctly will throw the mental switch that will drive that customer to their property. Alas, the casino marketer only has to find these solutions in the sea of infinite possibilities.

A. APPROACH

Once the objectives and goals are established, the Casino Marketing Team is charged with the responsibility of developing the strategies, tactics, and programs to achieve these goals and objectives. The ensuing phases need to follow an approach and develop in an environment that nurtures the expertise and creativity of the Casino Marketing Team while providing for the input of sound business practices. This means that regardless of the starting point or evolutionary sequence, it is absolutely critical that *each and every one* of the elements below is completed to develop a comprehensive program for each and every objective/goal:

1. Identify the likely TARGET MARKET SEGMENT(S) that can achieve the goal.
2. Identify the PRODUCT or DEMAND MOTIVATOR that will cause those in the market segment to take the intended action.

Note that sometimes casino marketing teams identify market segments first then look for a motivator while in other instances someone conjures up an “idea” or motivator and then the Team looks for market segments that would respond to the appeal. Again, it does not matter so much where this process begins as much as how it ends.

3. Identify the MESSAGE which accurately conveys the motivator to the target market(s).
4. Identify the DELIVERY VEHICLE(S) that most accurately and cost-effectively transmits the message to the target market(s).
5. PACKAGE the message to capture the attention of the target market(s) and react to the motivator.
6. Identify the RESOURCES to implement the program.
7. Project the COST, POTENTIAL RESULT, PROFIT, and RISK of the proposed casino marketing program.
8. Develop a TASK LIST, RESOURCES NEEDED, ASSIGNMENT OF RESPONSIBILITY and IMPLEMENTATION SCHEDULE.
9. Develop MONITORING and MEASUREMENT programs.
10. IMPLEMENT the new casino marketing program.

B. MARKET SEGMENTS

With a list of explicitly stated objectives and goals, the Casino Marketing Team must now find a market segment(s) to which a motivator may be linked to precipitate the intended demand.

Taking a market segment driven strategy first, if the gaming resort has been open for a period of time, the first step of the Casino Marketing Team is often to review the characteristics of known market segments, the programs applied to them, and the success rate of these programs. Casino consultants often explain that the objective of this review is to understand what works, why, and on who so that the elements from previous successes may be reapplied and failures avoided. In the context of market segments, the process also gives the casino marketer awareness of what profiles to look for when seeking to identify new market segments.

With this knowledge as background, the casino marketers begin a quantitative approach seeking to find under-penetrated market areas. Although market segments may be defined many ways, most casino marketers will utilize a geographic/zip code analysis as a starting point. For example, casino marketers will analyze the gaming resort's player database to determine where the players live. To this in-house data, the casino marketing team compares the number of players in the database to the adult population who reside in each zip code in order to calculate the penetration of this market segment. Population data is typically available from government census programs as well as from several private companies that attempt to enrich the census derived marketing data. If historical demand information is available, the casino marketing team will evaluate growth curves in each zip code to determine if demand is growing, tapering off, or decreasing. The amount of marketing effort aimed at each zip code will also be analyzed to determine how the growth curve has been affected by these programs. In competitive marketplaces, primary market research may be necessary to determine how many adults in a given zip code may be patronizing other casinos to determine how the competition has affected the growth curves. In total, this evaluation process typically begins first with the inner market and then expands outward to the middle and outer resident market areas. In tourist markets, penetration rates must also be estimated relative to the visitor volume to the area. The results of these efforts are often placed on a map of the market area and color-coded by the size of the adult population, current penetration levels, and the historical growth rates. Once again, in drive/fly-in tourist markets, the geographic map is simply augmented with 'squares' representing the visitor market (e.g., by country of origin). In this way, everyone on the Casino Marketing Team acquires a fundamental structural view of the marketplace, its potential, and likely targets of opportunity.¹¹

The next objective is to determine what remaining, untapped demand resides in the marketplace from a motivational point of view. In other words, the previous effort may have told the Casino

¹¹ The same analytical approach may be utilized for any market segment definition. By way of illustration, a Team may want to target customers who enjoy competition. In this instance the Team must quantify the number of players in the database who have attended casino sponsored tournaments. Then it should quantify how many players remaining in the database who have not attended an event but may do so if an event is structured properly. Finally, the Team would probably have to conduct primary research in the marketplace to determine how many potential customers may exist who are not in the database that might be incentivised by a competitive event. It may take additional time and cost to quantify these factors but over time, the effort and expenditure will be worth it.

Marketing Team that 50 percent of a given market segment has not visited the gaming resort but this does not necessarily mean all of the remaining 50 percent are inclined or capable of visiting the gaming resort. Research must be conducted of existing customers, adults visiting other casinos, and adults who are not visiting any casinos to determine the needs, wants, and expectations of these respective groups. In competitive situations, the Casino Marketing Team must also evaluate the competitive strengths, weaknesses, opportunities, and threats of their gaming resort relative to the other gaming properties to ascertain whether the potential exists to take market share away from their competitors. The results of these efforts provide input to the Casino Marketing Team in determining whether new programs might produce additional demand, i.e., what is the 'softness' and 'elasticity' each market segment. In many instances, a professional independent casino consultant will lead the casino marketing team in conducting a comprehensive S.W.O.T. Analysis detailing the strengths, weaknesses, opportunities and threats facing the gaming resort.

As resistance builds within current market boundaries, it may be time to geographically extend the boundaries day-trip markets and/or overnight markets further away. Clearly travel time and cost filters out and shrinks the potential number of customers as distance increases.¹² Additionally, as the distance increases, the likelihood of additional competition may increase. If successful, however, the benefits of catering to more distant market segments is that customers located within them are typically more committed to making gaming a primary reason for their trip, and the time and budget they are willing to dedicate to the trip is greater.

While the above methodology is very structured, a less formal trial-and-error process may be necessary to fill gaps. Pragmatically, trial-and-error may be the only option available if market data is not available, market segments are difficult to define and/or to track (e.g., in major resort destination areas where visitors come from all over the world), or if capturing the necessary information is simply too time consuming or expensive. Despite these difficulties, Casino Marketing Teams should still attempt to identify and quantify the trial-and-error process so that over time ill-defined market segments may be more explicitly identified and tracked.

Regardless of how a market segment is defined, the above discussion should point out the advantage of explicitly defining each segment targeted so that: (i) the Casino Marketing Team has a common focus on the steps to follow, (ii) results may be tracked, (iii) a continued stream of programs can be applied until the last possible visit is extracted, and (iv) other market segments may be evaluated and identified until the last market segment is secured.

¹² Empirical studies known as gravity models have found that demand for gaming tapers geometrically and inversely with distance, e.g., a market twice as far away may yield one-quarter the demand of an inner market.

C. MOTIVATORS

In theory, motivators are targeted to individuals. In practice, most casino consultants believe that motivators are conceived and aimed at groups of like people categorized into market segments. Motivators create the impetus for a casino visit among people in these market segments. Successful casino motivators cause the recipient to mentally conclude, “I want to go. I’m going. Let’s go!!!” There are Product Motivators and Program Motivators.

Of the two, Product Motivators strategies are relatively more obvious, i.e., either (i) improve the current product to better align with the needs, wants, or expectations of the marketplace or (ii) introduce new products that fill an unsatisfied need, want, or expectation. Gaming, entertainment, relaxation, recreation, and other leisure products are multi-faceted and complex. This complexity, however, gives the casino marketer much to work with in refining and/or inventing products to offer the public. While space prohibits a full discussion of product strategies, much can be done with product lines typically offered by a gaming resort without incurring a large capital expenditure. For example, converting one of the table game areas to what is referred to as a ‘fun pit’ where the emphasis is on having fun versus focusing on the competitive aspects of gaming requires only a change in some policies and procedures, the purchase of more informal uniforms (e.g., Hawaiian or golf-shirts), localized music, and some promotional items. Marketers need to intensely scrutinize the current product offering, product mix, and the competition to uncover what opportunities exist to fix what may not be working. They can also poll their current database, conduct on-site customer intercept studies, and engage primary research in the marketplace to attempt to discover what new products or product lines might be offered. Working with product motivators is as much a valid marketing exercise as the more traditionally viewed marketing strategies of advertising and promotion.

Program Motivators are perhaps subtler and deserve further discussion. Program Motivators are primarily utility, value, or event driven.

1. *Utility Driven Motivators*

A utility driven motivator presumes that customers need or want certain things that may otherwise prevent them from patronizing the casino. The consumer may have a raw desire to purchase the product but a utility issues stands in the way. Time utility, location utility, and price utility are three such barriers common to almost all industries. In the service industry, other utilities may be added such as consumer concerns with logistics, convenience, safety/security, cleanliness, and access/egress. Sometimes these items are referred to as Service ‘Givens’ since the consumer expects them at their casino of choice; their presence does not necessarily cause a visit but their absence may prevent one. Something as simple as not providing covered parking in a rainy, windy, or snow-bound jurisdiction could silently but significantly affect patronage.

The gaming resort marketplace is also time-sensitive, i.e., leisure, recreation, and entertainment takes place only after the things people have to do to live and work. But, not everyone works the same schedule and some market segments have more free time than others. Although it is almost taken for granted, gaming resorts are most often open 365 days per year and 24 hours a day in recognition of the time utility nature of its product. Many casino motivators are developed to

channel demand into under-utilized periods at the gaming resort. The reverse approach may also be utilized, i.e., find markets with time-sensitive characteristics and cater to their specific needs. In many venues, activities at the gaming resort are as prevalent during mid-week days as on the weekends. Likewise, restaurants are kept open later and entertainment is offered during more hours of the day in locations where opportunities to increase off-peak visitation exists.

Taking another perspective, marketers must realize that gaming is a product that is consumed at its point of production. Consequently, the logistics of getting to and from the property also becomes a utility issue. For example, gaming resorts might develop an extensive schedule of daily bus service throughout its marketplace to make access to the casino easier for the retired community or inner city Asian community who may not want to drive. Similarly, many retired consumers enjoy the social aspects of traveling in groups. Hence, the gaming resort will complement the daily bus schedule with charter bus programs as well.

Utility driven motivators are not very exciting and therefore often overlooked. Casino marketers should oftentimes begin their search for an appropriate motivator by beginning with such basic, fundamental, utility-driven issues because the consumer already has the desire -- all the casino marketer must do is remove the barrier.

2. Value Driven Motivators

There are two primary ways to create value, i.e., offering ‘more’ for the same price or reducing the price without changing the product.¹³

For the same price, gaming resorts may increase value by creating greater:

- **QUANTITY-VALUE:** e.g., larger portion sizes in the restaurants, more square footage in hotel rooms, or longer playing time at the gaming tables.
- **QUALITY-VALUE:** e.g., upgraded facilities, furniture and fixtures or higher quality of food.
- **SERVICE-VALUE:** e.g., faster hotel check-in times, additional casino hosts or increased professionalism among the employees.
- **ENTERTAINMENT-VALUE:** e.g., a star entertainer that does not appear anywhere else, a volcano at the entrance and employees that are just plain fun to be around.
- **X-FACTOR VALUE:** e.g., the place “to be and be seen.”

In these instances, the price remains the same but the Product is modified to provide a real or perceived increase in value that becomes the motivator.

Rightly or wrongly, however, casino marketers tend to reach more often for price driven incentives or discounts to create value. The assumption here is that the marketplace is price-elastic, i.e., the further the gaming resort lowers its price¹⁴ the greater will be the demand for the product. Casino marketers should be forewarned, price-elasticity does not exist for every

¹³ Note that offering more for the same price is also a form of a Product Motivator.

¹⁴ Or, in gaming, the ‘cost’ as a gaming loss is often viewed by consumer.

product, varies among products, and also varies for the same product over time and under different situations (e.g., to meet a competitive threat). In a competitive market, the difficulty in using price as the motivator is that the competitor can simply match the new price or incentive thereby removing any short term advantage. Finally, there is also the problem of conveying the price-incentive to the consumer.

The 'price of casino gaming' is hidden to the customer. Unlike menus in restaurants or ticket prices at theaters, the price or cost of gaming is not posted anywhere in the casino. Gaming resorts know that the real price of casino gaming is a theoretically derived estimate that, for any given session, is a function of statistics based on long-term outcomes. If a player makes one thousand trips to a casino and plays the same way each trip, the theoretical casino win per trip is approximately the average casino win over all trips, even though there may be a substantial variance between the outcomes of the best and worst trip. This is problematic because to the player, the price or cost of the trip is more simply perceived as what *they* won or lost *this trip*. Thus, the casino knows the true revenue potential of a blackjack player playing for four hours with a \$25 average bet is \$100, but a player may have an actual outcome that could range from a \$500 win to a \$500 loss, or more. The long term theoretical price of gaming conflicting with short term actual outcomes makes it difficult to pitch a price-discount program in gaming. In fact, discussions with players often take on the characteristic of an entitlement rather than a discount, e.g., "You beat me out of \$1,000, so you owe me _____." The public often views their time at a casino as a competition rather than an entertainment experience that is purchasable at a reasonable price.

Yet, this dynamic should not prevent the casino marketer from using price driven incentives; rather, it should only forewarn the casino marketer to make sure that the incentives proposed are actually perceived as such by the player. Some gaming resorts will try to gain a competitive advantage by offering table game rules more favorable to the player and/or increasing the payback percentages of their slot machines. In competitive venues where billboard advertising is allowed, gaming resorts often tout that they offer the "Loosest Slots in Town!!!," or some similar such message. But, here again, these strategies are easily mimicked by their competition. Worse, once in place, it is hard to reverse the decision without irritating their loyal, repeat player. Recognizing this, gaming resorts often build price-driven motivators around non-gaming goods and services.

Most casino marketers would prefer to link an incentive to something that is earned, i.e., it follows demonstrated level of casino play. These are typically called "If-Then" programs, i.e., "If you play our 25 cent video slots between 7 a.m. and 10 a.m., Monday through Friday for three hours, *then* you will receive a free breakfast." Other incentives are more pure price discount approaches, e.g., Two-for-Ones, reduced prices for drinks during a Happy Hour, and a higher accrual rate of club points during target off-peak periods that may be used toward a prize, purchase, or cash redemption. Drawings in all of their multiple forms are simply another form of discounts since the value of the merchandise or cash to be awarded represents a giveback of revenue amortized over all of the participants.

Almost since inception, casinos have offered 'complimentaries' or free drinks, meals, hotel rooms, and show tickets to reward casino play. Complimentaries may be indiscriminate in the

form of free parking or free drinks served to anyone on the casino floor. But the larger and more effective complimentary program is a form of “If-Then” price discounting wherein the casino determines the type and amount of the complimentary based upon the casino play of each individual patron.

For the lower level player who may not generate sufficient play in one trip to earn a complimentary, casino ‘clubs’ were developed wherein members accrue points for the time played and the amount wagered from trip to trip. Once the player is in the database, the various club programs may be designed to incentivize play as needed via earned complimentaries, cash/merchandise redemptions, discounts, invitation-only events, and special privileges. Players may be channeled to play during certain times of the day or days of the week by offering two, three, or four times the normal rate of point accrual during these target periods. Here again, the clubs act as a price-driven discounting strategy to engender loyalty and promote repeat visitation, but also to create a database upon which other types of marketing programs may be developed.

At the other end of the gaming spectrum in the highly competitive ‘high roller’ market, some casinos have been forced into direct price discounting, i.e., the casino makes an up-front agreement with the player that if he or she incurs a ‘substantial’ loss, the casino will rebate a percentage of the actual loss. An adjunct to this is the implied cost of offering casino credit, a portion of which the casino knows will be written off each year as un-collectable. When added to the cost of more complimentaries for larger suites, more airfares, player gifts and taking care of other members of the party along with payments to third-party marketing intermediaries called junket representatives, the profit margin to this elusive market shrinks accordingly. This points out the need to not just develop motivators that work with the consumer; it is absolutely critical that such programs must also be carefully developed and structured so that the gaming resort realizes its target financial goals as well.

As gaming resorts promote non-gaming activities more and more, the price-incentive opportunities spread to other areas such as hotel room rates, menu prices, a round of golf, the cost of seeing a headline entertainer, and the charge for a meeting room or exhibit hall. In the beginning, Las Vegas used to simply offer ‘cheap rooms, food, and entertainment’ as a lure which would be made up for by losses in the casino. Today, on the Las Vegas Strip with new casinos costing \$1 billion, \$2 billion or more, each department is a profit center and pricing mechanisms have become much more sophisticated. For example, many properties price their hotel rooms utilizing yield management, an approach borrowed from the airlines. Under yield management, the price of the hotel room varies by the demand for the room. Thus, during popular weekend nights a hotel room may sell for \$250 while during the slower midweek period, the same room may sell for \$125. Yield management programs have become dynamic, reacting by day or even by hour to the current supply-demand inventory for the hotel casino resort. In these instances, the trade-off is to balance the objectives of maximizing non-gaming revenue potential with filling the hotel and the restaurants so that the casino has the greatest chance of receiving play from an overnight guest or a walk-in visitor from another resort.

Regardless of the price-incentive program, it behooves the casino marketer to evaluate the real price elasticity of what is being proposed. In other words, will the incentive motivate longer/greater play? Increase the number of new visitors? Repeat visitations? Instill greater

loyalty? Divert patronage from a competitive casino? All things being equal, price elasticity can and should be evaluated on a prospective basis and always measured retrospectively so that the Casino Marketing Team knows where it is at all times on the price-elasticity curve.

Price strategies in all their multiple forms, carefully employed, are still among the most effective motivational tools available to a casino marketer.

3. Event Driven Motivators

Event driven motivators involve developing an event or 'thing' that typically is not offered by the gaming-resort but has the potential to lure people out of their homes if offered from time to time. Such events may be anything from a traditional Fourth of July weekend celebration or a month-long Oktoberfest to 'manufactured' events such as a Fall Slot Tournament Schedule. Events may also include special entertainment aimed at a particular market niche. For example, during Chinese New Year's, Las Vegas gaming-resorts often contract with a Chinese-only speaking entertainer from Hong Kong, Taiwan or China to cater to the domestic and international Asian visitor alike. Other events may be targeted to psychographic niches, e.g., the excitement of attending a football game as a guest of the casino, the status of sitting in the front row of show featuring an in-vogue/big-name entertainer, or the once-in-a-lifetime experience of playing in a Pro-Am golf tournament. The list of possible 'casino special events' and 'things' that a gaming-resort may add to its retinue of activities is quite extensive. Creative casino marketers are capable of developing attractive and enticing casino special events to help motivate their players to visit the casino when they want them most.

4. Combinations

When confronted with actual marketing situations, the creative casino marketer may employ combinations of motivators in order to develop a tactical program designed to satisfy a specific objective. For example, events are often used as a reward program for slot club members. Members who have played to a certain level for the last half of the year may be invited to an invitation-only party held during the typically slow weeks before Christmas to receive their holiday gift from the casino. Likewise, an appeal to a large but unknown market segment may employ several motivators 'delivered' in one mailing or advertisement in order to save program costs but more importantly, to increase the odds of reaching the greatest number of potential customers.

5. Branding

Branding -- or establishing a recognized name, logo, and image for the gaming resort in the marketplace -- is often talked about in casino marketing circles. Branding is another form of creating awareness, the nuance in this case being that such awareness is meant to stand for something positive that cumulatively builds until the property name creates an image without anything else being said. The name "*Caesars Palace*" is probably one of the most recognized gaming properties throughout the world, both for players and non-players alike. Certainly there is a benefit to this recognition. And, it may be argued that branding is a motivator. Perhaps more accurately, branding is an awareness and recognition building process based upon on the execution of the product, utility/price/event driven motivational philosophy, or a combination thereof. Regardless, branding can work as an independent motivator but in practice, it is used

over time to amplify the effectiveness of the more traditional casino motivators discussed previously.

6. Get the Motivator Right

Casino marketers need to keep in mind when developing casino motivators that the goal is to engage the customer with some offer that causes a visit to the casino. Repeating old ideas that have worked before may be successful if the program is not stale “as is.” Previously successful programs may also be reformatted to appear to be new or may be mimicked but offered to a new market segment. Trial and error with new ideas is also necessary to reinvigorate current customers and to keep ahead of the competition.

Casino marketers get so caught up in the pressure of marketing and the immense amount of work to be done, that it is easy for the Casino Marketing Team to lose sight of what it is doing. It is critical; however, that the Casino Marketing Team has at all times an explicit definition and understanding of the motivator being considered and later to be employed. The same holds true for the Team having an explicit understanding of the market segment(s) to which the motivator is targeted. This is particularly true when more than one motivator is utilized in a given program to solve a stated objective. The lexicon of casino marketing, like language in general, is often sloppy and imprecise. For communication, execution, and tracking purposes, it is important to get the casino motivator defined and clarified among all Casino Marketing Team members before proceeding with the next step.

D. MESSAGE, DELIVERY VEHICLE, AND PACKAGING

Once the market segment and motivator have been identified, the next task is to “sell” and “deliver” the program to the intended market. The drafting of the message, selection of the delivery vehicle, and packaging of the message are all inter-related in converting the strategy into a tactical program. Generally, the casino marketer should work on conveying the message first and then determine the best delivery vehicle to convey that message accurately and cost-effectively.

The message must convey the motivator to the target market. Accuracy is a key element in this task. In other words, the message must transmit the program so that it is received by the consumer as intended. Simple inducements such as the opening of a new restaurant are relatively easy to transmit. On the other hand, the introduction of a new slot club program probably takes more time and space. Accuracy also deals with honesty. Ill feelings may result when a couple responds to a billboard that promotes a room rate of \$79.95 only to find out that upon check-in that this is a per person rate. In this instance, the marketing program accomplished an initial goal but risks losing the guest as a long term, loyal customer after they are told how the program really works.

The delivery vehicle must get the message to the intended market segment. Delivery vehicles include but are not limited to: signage (on-site building interior/exterior signage and off-site billboard and outdoor advertising), print (including newspapers, newspaper inserts, mailed/hand delivered circulars, and magazines), radio, television, direct mail, telemarketing, and the Internet.

The sheer number of delivery vehicle options is mind-boggling and can lead to poor decisions on what media to use. Television advertising is an effective broad appeal delivery vehicle, but because of its cost, should be utilized for specific objectives such as a branding campaign or when speed is more important than cost. Print media such as general circulation, ethnic, association or purpose driven (e.g., print aimed at golfers) media are generally less expensive than television and have the potential to focus on a narrower market in order to increase the 'hit rate' of the message.

Of course, the most accurate delivery vehicle is direct mail or E-mail wherein the casino marketer knows beforehand that the recipient is a target customer. But, sometimes a personal, telemarketing appeal from a Casino Host or Casino Player Development Executive who knows the customer is more effective than an impersonal, direct mail campaign. Both of these delivery vehicles rely on the casino marketer having the contact address and/or telephone number available to reach the target, something that does not always exist for every program or every market. Internet marketing is in its infancy, but based upon all prognostications, it will become a much more actively utilized marketing tool in the 21st Century.

In all, the selection of a delivery vehicle must consider a number of different elements including speed, cost, size/complexity of the message, creative flexibility allowed, competitive 'noise' for the reader's attention, and cost.

Packaging wraps around the message, makes it 'pretty,' and essentially animates a raw message so that it grabs the reader's attention and forces them to act. Packaging says, "Look at me!!!" so that once the attention of the consumer is grabbed the casino motivator can throw the mental switch to act. Notwithstanding the need to sell the message, care needs to be exercised in this phase to ensure the casino marketer does not become too caught up in the creative and obscure the message. At its worst, this fallacy is manifested in the "I remember the ad but I could not tell you what they were advertising, who made the product or which casino it was" syndrome. The creative should serve to deliver the motivator, not dominate it. Packaging must not only capture the attention of the target recipient, it must also cause the potential visitor to identify with what is being offered. A program seeking to create awareness among slot players should, if it uses pictures of people in the ad, use people of the same demographic and psychographic profile as a slot player, i.e., middle aged, "every day" people rather than James Bond-esque models. The process of creatively packaging a message is a science and art form unto itself.

Casino marketers should always stand back and review the finished campaign before the program is launched and ask ... Will it reach the intended audience? Will they notice it? Will they read it? Will they understand it? Will they act? Does the cost relate to the revenue potential of the program? The casino marketer is challenged with the task of balancing the message, delivery vehicle, and packaging with timetable, size of market, and cost to connect the customer with the marketing program.

E. IRRATIONAL COMPETITORS

Casino marketers will often be confronted with a situation where in the Casino Marketing Team may know what they *should* do or *want* to do, but are faced with irrational competitors who force

them to act irrationally themselves. For example, in order to combat falling revenues, a Downtown Las Vegas casino decided some time ago to offer 100 times odds in craps.¹⁵ However, while many casinos catering to the same market segments were compelled to ‘follow the leader,’ the Las Vegas Strip casinos with their newer, grander, and more exciting entertainment mix chose not to compete. So far, this has turned out to be a good decision. In Laughlin, however, a very price conscious gaming destination, one casino offered a special breakfast buffet price for senior citizens. Every casino followed so as to not lose market share. After the novelty wore off, several casinos cancelled the senior citizen breakfast discount only to find they had alienated this critical market segment. It took them months to recover.

Besides the obvious need to always be aware of what the competition is doing -- rational or otherwise -- there are no universal rules to determine what to do in these type of situations. Oddly enough, it may be a rational strategy to follow an irrational market leader when necessary. Ideally, such follow-the-irrational leader practices should have the flexibility built into the program that the decision may be reversed without too much harm. One approach is to begin counter-offers with a specific start and end date. Such programs may then be extended if still necessary or terminated without breaking any promises to the consumer. Of course, if the combined irrationality of other casinos drags the market into un-profitability, then someone will have to be the leader out of this marketing morass of collective stupidity. Needless to say, flexibility is often a key program ingredient in highly competitive markets.

F. BUDGET, COST-BENEFIT, AND RISK-REWARD PROJECTIONS

Each program needs to be evaluated in financial terms before being finally approved. This means determining the costs of launching and sustaining the program. Where possible, this should include actual figures, but in many cases certain educated guesses may be necessary. This should not preclude the preparation of the budget. Indeed, it is the process of going through the process of ‘guessing’ both revenues and expenses then evaluating actual outcomes that provides the learning curve to make budgeting more accurate over time.

Where outcomes could vary materially, sensitivity analyses should be conducted to evaluate the various possible outcomes. Since the casino marketer never knows what the consumer will really do, it is also advantageous to project various “What-If” scenarios to ascertain the risk-reward profile of the program. These analyses provide the proponent the ammunition to advocate his or her program amongst others, i.e., the least risky/highest reward programs are given preference over those with greater risk and less upside potential.

Perhaps most importantly, budgets and projections provide a benchmark to evaluate the results after completion. This post-mortem also provides a quantitative benchmark to evaluate programs from one planning period to another. Given the size, complexity, and personality of gaming companies today, to be successful in a corporate or Native American casino

¹⁵ The norm prior to this was five to ten times odds. The higher the odds the lower the statistical advantage for the casino. Consequently, increasing the amount that may be bet in odds, decreases the price of playing craps to the player.

environment, a casino marketer must be as adept at analyzing financial consequences as the ability to create successful programs in the first place.

G. THE SUM OF THE PARTS

Working on only one of the casino marketing objectives, it is easy to lose sight of the overall goal, i.e., the sum of the casino marketing programs must achieve the target company and financial results at a cost that is within budget. Casino marketing plans are rarely completed with only one pass through. In fact, the process of making a series of ‘best guesses’ regarding objectives, goals, strategies, and tactics then evaluated by the risk-reward/cost-benefit of the programs initially developed in itself often leads to a better casino marketing plan. Upon further examination, objectives thought to be initially valid may be found to be too difficult, expensive, or risky to solve. By contrast, new programs may unexpectedly pop out from the discussion process that have more validity than those originally contemplated. Compromises must often be made due to budget constraints while a high-risk but high-reward program might arise that justifies an increase in the original budget. Finally, the casino marketing program must not only work just for the planning period in question, it must also lead to a steady building process that achieves long term, sustainable success. Perhaps nowhere is it more important than in the development of a casino marketing plan to step back and see the proverbial forest for the proverbial trees, much less several generations of trees. This is where the services of an outside independent casino consultant can be critical. An outsider can review things more objectively as well as possibly see things from a different perspective.

III. ADMINISTRATION, EXECUTION, AND REVIEW

More than one casino marketing program has failed because the promotional collateral did not show up on time or the employees were not told of the promotion. What a pity it is when all of the investment of time and effort is thrown away because of failure to execute an otherwise well conceived program.

A. ADMINISTRATIVE ISSUES

The administrative tasks of executing the program are no less important than the program itself. Such tasks may include identifying the internal and/or external resources needed, developing schedules, coordinating the training, distributing the collateral, and putting in place the monitoring devices to track results. Simply put, a well conceived casino marketing plan poorly executed may lead to failure.

B. CALIBRATION

Newly assembled Casino Marketing Teams and/or new members to a casino marketing team require a calibration period until the Team shares a common marketing philosophy, utilizes the same vocabulary, company cultural precepts are understood and shared by all, and the

emotionalism of the process is tempered so that logic, facts, and experience make decisions rather than rank, voice volume, or bravado. During the calibration period, as the Casino Marketing Team assembles the ten elements above in sequential or non-sequential order, it takes an alert leader to keep the development of casino marketing programs on track while harnessing Team creativity but employing a shared methodological process. Time spent up front on calibrating the Casino Marketing Team will increase productivity over time, provide for better post mortem reviews, create a better pathway to future programs, and most importantly, improve results

C. POST MORTEM REVIEW

If casino marketing is to be a process, then it must above all things be a learning process. This learning can only take place, however, if the Casino Marketing Team is willing to unemotionally and rigorously review programs in progress as well as when they are completed. These reviews should include both subjective as well as quantitative assessments of what went right and what went wrong. Ideally, such reviews should be put in writing, archived, and indexed to some tracking criteria. The accounting department needs to link results to budgets and financial reports. All casino marketing programs should also be linked by the Data Processing department to the player database. Results from market research should also be incorporated into the analyses, with some research conducted repeatedly in order to track progress. There is a value to marketing work expended -- successful or unsuccessful. Much of the long term value of such work is lost if it is not analyzed.

IV. CASINO MARKETING AS A PROCESS

In the real competitive corporate world, it is unfortunate when a marketing individual or team fails because their actions were not understood, goals were not shared, and results could not be defended.

The excitement of casino marketing and the opportunity to be creative typically attracts a number of talented Casino Marketing Team members. When combined with the constant internal and external pressure to perform, the working environment is a powder keg, always on the verge of blowing up. Surprises are inevitable, long hours the rule, and chaos more prevalent than anyone would prefer. Some casino marketing Teams are able to produce and survive without any real structure to this activity. Over time, however, most casino marketing teams need a solid foundation of marketing theory, a shared culture, an ability to communicate, and an understanding of what they are doing and why. Otherwise, Casino Marketing Teams fail due to the inherent inefficiency of such an unstructured process. For offensive as well as defensive reasons, it behooves individual casino marketers, the Casino Marketing Team, Executives, owners, and investors to nurture the casino marketing effort as a process founded on good marketing theory and executed in a systemic process ... a logical, iterative, cost-beneficial, and track-able process.

A. THE CASINO MARKETING MEETING

Communication is absolutely critical as part of the casino marketing planning process. Every casino no matter how large or small should hold a weekly Marketing Meeting. Casino Marketing is a collaborative process so it is best if the meeting is set for the same day and same time every week. In addition, it is important for all collaborating departments to be present and represented weekly to help insure proper communication and the sharing of information. Normally small meetings are more productive but since casino marketing is so important we recommend a larger meeting including all casino marketing team members and representatives from other related departments. Therefore, a representative meeting should include:

- Executive Vice President or Sr. VP of Casino Marketing (Chairperson)
- Member of Senior Executive Management Team
- Vice President or Director of Casino Marketing

Plus Team members from:

- Table Games
- Slots
- Advertising
- Public Relations
- Direct Marketing
- Special Events
- Casino Promotions
- Casino Junkets
- Bus Marketing
- Entertainment
- Casino Hosts
- Casino Player Development
- International Marketing
- Brand Marketing
- Resort Sales
- Retail
- MIS
- Casino Marketing Analysis
- Web Site Marketing

In addition, there may be special “invited” guests from time to time depending upon any upcoming events. For example, a member of the Asian Marketing Team may be invited to discuss an upcoming Chinese New Year event. The main point is that the meeting must be scheduled on the same day of the week at the same time every week to be consistent. When it comes to casino marketing, one can never over-communicate.

B. PRAISE IN PUBLIC, CRITICIZE IN PRIVATE

Building the team spirit helps insure the overall success of all casino marketing team efforts. Therefore, it is important to have some basic rules in place such as “Praise in public, criticize in private” to help foster a collaborative team effort at all times. Look for positive minded individuals to help serve on the Casino Marketing Team. If someone does not fit in, try to counsel that individual but if unsuccessful, remove that person as soon as possible so as not to disrupt the team effort. Casino marketing is and can be very stressful at times so it is important to keep the team spirit high and to keep everyone working together in a positive manner at all times.

C. FINAL ADVICE

Recognize quickly that the ultimate objective or goal of casino marketing is to help the casino make budget and hopefully improve EBITDA. If you cannot make a reasonable profit, think very carefully before doing something unless it will yield substantial long-term benefit to the casino but also be well prepared, in advance, to either accept criticism or to be able to adequately justify why you are doing it.

And finally, make it FUN. Casino marketing should yield fun events for customers and also fun times for your staff. Don't think you know everything. You may not. Casino marketing is a very complex and complicated process. Therefore, do not be afraid to bring in a qualified, professional independent casino consultant to help with the process. It will be very cost effective and money well spent especially to add independent objectivity to the planning process.

Life is short and one never knows what the next year will bring. Therefore, focus on the present but also keep an eye open on the future. But more importantly, think like a customer. Think like a player. **The casino business today is not about making money. It is about creating value.** Good luck.

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Note: most of this article was based upon an original article written by Dean Macomber in July 2000 about Casino Marketing. His thoughts and ideas are still very valid and insightful. Good luck.