



ANDREW KLEBANOW

Understanding Your Customers Through Market Research

When was the last time you withdrew \$1,000 from your ATM with the sole purpose of visiting a nearby casino for an evening of gambling? Have you ever gambled in a casino six times in one month and lost \$250 per visit? Have you ever drawn a marker for \$5,000? If the answer is “no” then you are like most gaming executives. In fact most people in the general population do not gamble at these levels or frequencies yet the core customers that make up the most profitable segments of a typical casino most certainly do. There is no better example of the 80/20 rule than a basic segmentation analysis of an average casino. 80% of the gaming revenue comes from 20% of the database.

Many casino marketing executives devise promotions, design advertising campaigns and mail customer incentives without ever truly understanding what it is that motivates their core customers, what the reasons are for their visiting a casino and what it is they seek in terms of rewards and recognition. Some execu-

tives will state that they “talk to their customers on the floor” and through that process have an understanding of their customers’ desires.

While maintaining a dialogue with customers is critical to the success of any business, this informal process does not clearly answer what it is avid gamers seek when visiting a casino. More often than not, it is the savvy customer that uses the casino manager as a conduit to get those things he wants. What these customers seek most often is an edge: a full-pay deuces wild machine, more liberal 21 rules or something else that will give them the advantage. It is for this reason that casinos must employ a systematic approach to consumer research in order to understand how the casino can best meet the needs of its most profitable player segments without jeopardizing the profitability of the gaming enterprise.

Three Fundamental Components of Research

While there are a variety of research methodologies that any business organization can apply in order to gauge its customers’ needs, there are three fundamental research programs that any casino should conduct on a periodic basis: 1) qualitative studies, in the form of focus groups, 2) quantitative studies, in which a random sample of the customer population is polled and 3) blue ribbon panels, in which a casino’s most prized customers periodically participate in panel discussions.

Qualitative Studies

Qualitative research studies, in the form of focus groups, are often conducted in order to get a broad understanding of the primary reasons for choosing one casino over another, what it is that motivates gamers to play and to gauge what casinos in a market do particularly well and what they do particularly poorly. Participants may include members of the casino’s database or they may be recruited from the general population. Participants are screened during a telephone interview and, if they qualify, are invited to participate in a focus group.

These focus groups are most often held in facilities in which casino executives can observe the groups through one-way mirrors or remote television monitors. A professional moderator engages participants in an organized discussion and various issues are presented. For their time participants receive a cash honorarium. The moderator then summarizes the findings in a formal written document and a presentation to the tribal council.

Quantitative Studies

Quantitative studies are administered after critical issues are identified in the focus groups. A quantitative study is comprised

**COEUR D'ALENE
CASINO**
RESORT HOTEL
U.S. Highway 95 • Worley, Idaho

Traditional Tribal Hospitality
You'll love our business conference and convention center, accomodating groups from 15 to 500 or trade shows with up to 1,000 participants!

Marcy Morris, American Indian Group Sales Manager
1-800-523-2464, Ext. 7416 • www.cdacasino.com • email mmorris@cdacasino.com

of a measuring instrument (questionnaire), administered to a random sampling of the gaming population. The gaming population could be from the casino's database or sampled from the general population. Questionnaires are most often administered by trained research pollsters through personal interviews, either in-person or by telephone. Results are then cross-tabulated and processed by a data tabulation facility. The data is tested to assure that it is statistically valid and the results are summarized in a written report. Often a presentation is made by the research team to the tribal council to facilitate an understanding of the research findings.

Blue Ribbon Panel

Since each casino has a group of highly profitable customers who have both large gaming budgets and very frequent levels of visitation, one of the best ways to both understand their needs and to foster loyalty among this group is to invite them to participate in periodic blue ribbon panels.

Blue ribbon panels can be used in a variety of ways. The casino's best customers are invited to "test" new game concepts, sample new menu items in the property's restaurants or even

review architectural drawings of possible casino expansions. There are an infinite number of ideas that can be presented to the panel. Their input can not only offer management insights into what its most profitable customers like/dislike, it gives this most valuable segment a sense of ownership that no competitor's promotion can rival.

The tribal gaming enterprise that does a better job of truly understanding the needs of its customers and consistently meets those expectations is the one that will get the lion's share of wallet from its most profitable gaming segments. Understanding what customers want in a gaming experience, the reasons they choose one gaming property over another and what it would take for one casino to win their loyalty over another are the primary functions of market research. It is for these reasons that market research should be a critical component of any marketing plan and properly funded in the marketing budget. ♣

Andrew Klebanow is principal of Klebanow Consulting. He can be reached at (702) 547-2225 or e-mail Klebanow@att.net.

More Than Just Booking.

At **Talent Buyers Network** our strategy and resource network mean more money for you.

Do you know which acts will stimulate slot play? Or action at the tables?

Do you know which acts, for one reason or another, just don't work for casinos?

Do you know how to market acts to the right demographic to make sure they get the message?

Do you know how much the acts you book say about you?

We do.

We've been in the business a long, long time. Combined, our staff has been at it for more than 250 years. And now more casinos outsource their talent buying to us than anyone else.

Call 208-788-0959 or e-mail doug@tbn.net for a complimentary subscription to TBN's on-line newsletter.

TBN LAS VEGAS ★ MINNEAPOLIS ★ SEATTLE ★ SUN VALLEY ★ ATLANTA

