



Now is the Time to Prepare the Annual Marketing Plan

by Andrew Klebanow

The period between the end of the Thanksgiving weekend and the start of the New Year's holiday is traditionally one of the slowest periods in the casino industry. As such it is the ideal time for leadership to focus on the preparation of the property's annual marketing plan. What better time to focus on the plan's preparation than during a naturally slow period that precedes the New Year?

The importance of preparing the annual marketing plan must be underscored. First, the total sum of marketing and advertising activities can easily consume in excess of 20% of the property's revenue. As such, there must be a plan in place that details how the casino will be marketed, which markets it will target and a forecast of the expected returns from those activities. The plan details realistic objectives and strategies that the casino will employ to achieve them and how much it will spend to reach those objectives.

The marketing plan provides leadership with a strategic focus. Too often casinos allow competitors to determine the marketing playing field. An aggressive promotion by a competitor that targets a particular market segment is often followed by other competitors attempting to match or exceed that promotion. Marketing becomes a series of exercises in which casinos in a market try to outdo each other. The marketing plan reminds the casino's managers which market segments the property competes for and the strategies that it employs to attract those segments.

While the accountability of the plan's preparation falls to the property's marketing director, it requires the input and active participation of the entire leadership team. The general manager, controller, directors of slots, table games, hotel, F&B, human resources and retail all have roles in the plan's preparation, as do the line managers who will ultimately be tasked with implementation of the plan. They each have a role to play in the plan's design.

There are four distinct phases in the development of the marketing plan: the situation analysis, formulation of objectives and strategies, design of tactical plans and creation of the budget. Each requires the participation of different groups of employees.

The Situation Analysis

The first phase, the situation analysis, is normally prepared by the marketing director and his/her staff. It is a review of the past year's marketing efforts and a forecast

of future market conditions. It starts with a market analysis. What happened to the local and regional market that provides the casino with their customers and what changes are expected in the upcoming year? How severe is unemployment in the region? Has the population declined? What is the foreclosure rate? In years past it was always assumed that markets would grow and casinos could expect steady and consistent growth. However, the recession has affected markets throughout the United States and some more severely than others. While some markets can expect a quick recovery, others will take years to recover. Thus, a critical evaluation of the local and regional market is a logical first step in understanding what must be done to grow revenue in the upcoming year.

Next is an examination of the competition. Did a competitor recently complete or is planning to open an expansion? Did they buy new gaming equipment? What strategies, if any, did they employ to grow or maintain market share? How do they communicate with their customers? What kinds of mail offers do their players receive? All of the information gleaned from the past year's competitive shopping reports should be summarized and reasonable assumptions made as to their expected strategies and what each competitor's player reinvestment rate is.

The situation analysis also looks at the casino's customers, both quantitatively and qualitatively. What is the size of the active database by tier segment? How has the complexion of the database changed? Was the casino able to maintain loyalty among certain tiers? Which segments showed the greatest attrition? From a qualitative standpoint, what were the key lessons learned from focus groups and blue ribbon panels of loyal customers?

Finally, the situation analysis critically examines the property and its marketing efforts. What promotions worked and which failed to achieve their goals? How effective was the entertainment program? Which acts/genres were profitable? What kinds of direct mail were most effective in stimulating repeat visitation? Finally, how had the property's player reinvestment rate changed over the past year? The results of the situation analysis are then summarized in both a written report that will be incorporated into the final plan along with a summary PowerPoint presentation that the marketing director will present at the start of the next phase.

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Objectives and Strategies

The next phase is the most critical in the plan’s development. It calls for the participation of all the directors to formulate realistic objectives and the strategies to achieve them. Ideally, this group would meet off property for a two-day retreat. The marketing director would then present a summary of the situation analysis and this would be followed by preparation of realistic objectives for both the property and individual departments. Understanding current market conditions is essential. One cannot expect growth in slot revenue if the unemployment rate is expected to remain above 10% and the foreclosure rate is rising. Conversely, some markets may have weathered the economic storm and indicators show growth.

Each department head must make reasonable assumptions and establish their own financial objectives. What are the hotel’s target ADR and occupancy objectives? What percent of rooms will be allocated to casino marketing? What are F&B’s expected food and labor costs? What are the slot and table game departments’ revenue objectives? What does marketing expect in terms of database growth by tier segment? What is the target player reinvestment rate? These are all measurable objectives based on current and forecasted market conditions.

With objectives defined, it is up to the leadership team to formulate marketing strategies to achieve them. Will the casino compete on price or differentiation? Will it use casino promotions, food specials and discounted room offers to drive traffic into the casino or will it employ a differentiation strategy? What is each operating department’s marketing strategy and is it aligned with the overall property strategy?

Tactical Plans

Upon completion of this phase, departmental directors will then return to the property and task their managers with the creation of tactical plans. The casino promotions manager will outline each drawing and promotion for the next year along with a budget for each. The special events manager will create an events calendar and budget for each planned event. Likewise, the catering manager will know what dates need to be blocked to accommodate the casino

and what days the ballroom can be sold to outside parties.

The executive chef along with individual restaurant managers will create the next year’s monthly restaurant specials in advance so that come next Mother’s Day, restaurant specials are promoted in the local newspaper weeks in advance and the advertising director does not have to hound the chef for essential information.

The marketing director then takes each of the tactical plans and assembles them into the marketing plan and creates a master calendar of events and promotions. Conflicts in events and promotions can be quickly resolved. Also, in this way the layering of promotions is avoided. The direct mail manager can then create a mailing schedule to promote each of the aforementioned programs along with suitable mail carriers. Most important, all of the planning is done prior to the start of the New Year in an organized and systematic manner.

Budget and Measurement

Finally, the marketing director and controller sit down, compile the costs associated with each individual tactical plan and build a consolidated marketing budget from the bottom up. In addition, measurement tools are put in place to assure that each plan can be gauged against its stated goal. Finally the plan is reviewed by the general manager and presented to tribal leadership. Once approved, the plan is then implemented.

Successful marketing does not just happen because of a drawing in the casino, some cheap meals or a catchy slogan. Successful marketing is based on thorough research of the market, realistic objectives, the development of sound strategies and the design and implementation of tactical plans that adhere to forecasted budgets. Most important, it takes the active participation of the entire organization. The period preceding the New Year’s holiday is an ideal time to formulate the next year’s marketing plan. Simply put, plan the work, then work the plan. ♣

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