



## **An Alternative Approach to Marketing Plan Development**

by Andrew Klebanow

**D**eveloping an annual marketing plan can be a time-consuming process that usually takes place one or two months prior to the start of the fiscal or calendar year. A sound marketing plan involves the participation of all members of the marketing team as well as directors from all operating departments. Often, there is simply not enough time for the team to develop the marketing plan and still implement the marketing programs that are essential to the casino's ongoing operations. Nevertheless, the annual marketing plan is an important part of a casino-resort's success. After all, the total of all marketing and advertising expenditures can easily consume over 20% of a casino's revenues. With that amount at stake, it is wise to have a sound plan in place.

The marketing plan is comprised of five distinct components. These include: situation analysis; objectives and strategies; tactical plans and measurement; and budget. Combined, these can take a month to complete. Rather than attempt to undertake the development of the annual marketing plan within a concentrated period, the marketing team and property leadership might be better served by developing an ongoing process in which various components of the plan are developed over the course of the year. Instead of a concerted one-month effort, the plan can also be developed in a continuing process of analysis, strategy formulation, tactical planning, implementation and measurement.

### **Situation Analysis**

A sound marketing plan begins with preparation of the situation analysis, and this can occur at any time during the calendar year, but it should be done on an annual basis. At the very least, the situation analysis should examine four key areas: the market, the competition, the customer and the property. This examination falls on the shoulders of the marketing team and is an essential first step in the marketing plan process.

The situation analysis begins with an understanding of economic, demographic and social trends within the primary trade area. Key areas to examine are local economic, employment and demographic trends. The analysis answers some basic questions. How do local employment trends compare to statewide averages? Is the region at full employment or is it lagging? Are factories opening or closing? After all, if people are not working, they are probably not gambling.

What is happening within the region's core population? Is the adult population growing? Are there changes occurring among various racial and ethnic groups? For example, is there growth among Asian or Hispanic groups? Shifts in the

composition of the region's population are important factors in developing table game strategies, food & beverage strategies, communication strategies and media buys. An understanding of demographic trends is therefore essential.

Are there any changes expected in the region's infrastructure? Are there plans for road improvements or street closures? Something as innocuous as a bridge renovation project on a highway near the casino can have a profound effect on visitation. The marketing team needs to research these issues and if relevant, present them in this section of the plan.

The next area of examination is competition. Casinos usually operate in an environment with a finite number of competitors vying for a share of the local and regional market. Each primary competitor must be examined. What kinds of basic benefits does each competitor's reward program offer? Have alterations been made to their reward program over the past year? What is the process of earning and redeeming a complimentary meal or hotel stay? What is the condition of each competitor's hotel? Have any of their restaurants been renovated? Did other casinos introduce new communication technologies such as a mobile app or personal URL? These are critical factors that need to be looked at since they make up the primary appeals to the region's casino customers.

The next area of examination is the casino's own customers. This takes place at two levels: quantitative and qualitative analyses. How has the database changed over the last twelve months? Are the number of active players growing? Has there been an increase or decrease within the various player tiers? Has average gaming spend per visit changed? These are basic quantitative measures that are essential in order to develop sound objectives and strategies.

Perhaps the most important area of examination are the thoughts and opinions of the casino's customers. Customer insight panels, in which small groups of players are invited on property to share their opinions in a manner similar to a focus group, can provide a wealth of information. This is most easily accomplished with a moderator who probes customers for their opinions regarding the property and the competition. If competitors are sending more compelling mail offers or have better food, these customers will let you know. Often customers will share opinions about the property and the competition that may not be readily apparent to management. Rest assured, if you ask your customers what they think about the property and the competition, they will tell you.

The last component of the situation analysis is a critical

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examination of the property itself. What were the results of the past year’s marketing efforts? How much was spent on marketing and advertising? What was the amount that the casino devoted to each player tier in the form of player reinvestment? Did any promotions stand out as particularly successful and how was that success measured? Is a scarce labor pool affecting customer service? Are any improvements planned? In addition, a property analysis should also include a strengths, weaknesses, opportunities, and threats (SWOT) analysis.

All the information gathered in the situation analysis can then be summarized and placed into a PowerPoint presentation. These slides can then be used for the next phase, the development of objectives and strategies.

### Objectives and Strategies

The second phase of the market planning process is the development of objectives and strategies, and this requires the participation of all members of the leadership team. It can be accomplished in two or three planning sessions. The marketing team should first present its findings from the situation analysis. With an understanding of market trends, customer insights, database trends, the competition, and the condition of the property, each member of the leadership team can then develop their departmental objectives. These may include slot and table game revenue objectives, food & beverage sales objectives, human resource staffing objectives, and hotel sales objectives.

Once objectives are defined, it is essential that sound strategies be developed by the leadership team. At the very least they must include pricing, product, communication and marketing strategies.

Pricing strategy is probably the most important element for property leaders to focus in on. What are the pricing strategies for the various F&B outlets? What is the hotel’s pricing strategy by customer segment? Perhaps the single most important pricing strategy is slot pricing and how that strategy is impacted by free play. The slot director’s team spends a considerable amount of time over the course of the year optimizing the slot floor and placing the appropriately priced games in optimal locations on the casino floor. After slot floor hold percentage, no other factor influences slot pricing strategy more than free play. The two are inextricably linked and yet rarely is the slot director brought into the conversation when it is time to discuss free play strategy.

Free play in all its iterations now makes up the single largest marketing expense for a casino, yet since it is a non-cash expense, the dollar value of free play rarely appears on the income statement. Rather, free play is deducted from gross slot revenue and what appears on the income statement is net slot revenue. Marketing usually determines the value of free play offers for its various player tiers and the frequency of those offers.

Free play can have a profound effect on slot pricing, often lowering the overall slot hold by over a point. It is therefore essential that the slot director have a dominant voice in how much free play to issue to players, to whom it should be issued, when it should be issued and how it should be used. The slot department and marketing department cannot operate in silos when it comes to free play. Free play strategy must be a



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Finally, casino marketing strategies need to be developed. Casino marketing strategies are easily defined as three distinct activities: attract new and past customers to the property, capture their names and addresses by enrolling them in the rewards program, and get those customers to come back. Like all strategies, casino marketing strategies need to evolve from year to year. What worked well five years ago may not be nearly as effective today. This is evident in the proliferation of mobile phones and how casinos can use them to communicate with their customers. The astute casino operator can develop strategies to migrate player communications from traditional mail offers to digital offers delivered to customers on their mobile devices. Casinos in other parts of the world have fully embraced mobile communications to reach their customers and no longer rely on mail offers to drive

traffic. Similar strategies can be adopted to the domestic market, but they require proper planning.

**Tactical Plans and Measurement**

After strategy formulation is completed, the marketing team can then go about developing the tactical plans based on sound strategies. Tactical plans are the nuts and bolts of the marketing plan, including the advertising, promotions, special events, direct mail and digital marketing, and public relations plans. The problem is that it is difficult to plan an entire year’s worth of marketing efforts in a few days. This is where traditional marketing plan development often falls short. The first half of the upcoming calendar year tends to be filled with detailed events, promotions, mail calendars and communications plans, but thins out in later months.

Rather than try to fill out an entire calendar year, it may be more productive to divide the process into quarterly periods with the marketing team reviewing prior quarters’ programs and adjusting future programs as needed. Again, the goal is to make planning and implementation an ongoing process. Concurrent with this process is measurement. As each month’s programs are completed, they need to be measured, compared to prior periods and adjusted in order to make them more effective.

**Budget**

Finally, there is the marketing budget. It can be argued that the marketing budget can only be developed once all the tactical plans have been designed. The reality is that, in most casinos, budgets are created at the senior leadership level and it is the marketing team’s task to design and implement programs that are effective and fit within the defined budget. While in a perfect world the marketing team would develop their own budget by category, budgets tend to be made in a top-down process. The best that the marketing team can do is accept it and work within those confines.

The marketing planning effort is often more manageable when the planning process is spread out over the course of the year. Rather than divert the better part of a month to develop an annual plan, spreading the process out over the year is oftentimes a more effective method. Ultimately, it is up to senior leadership to determine the best approach to the planning process. Either way, there needs to be a plan in place. ♣

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