



## Measuring the Effect of Demand Marketing Programs

by Andrew Klebanow

The marketing efforts of a modern casino can be divided into two broad categories: product marketing and demand marketing. The goal of product marketing is to stimulate demand by providing a suite of products, services and amenities that attract patrons to the property. An attractive casino, hotel, array of food & beverage outlets, and entertainment options are the primary products of a casino. These products “pull” patrons into the casino.

Demand marketing consists of all of the marketing programs that motivate patrons to get out of their homes, divert them from going to the cinema or other forms of entertainment in the community, and visit the casino instead. Demand marketing consists of all of the drawing drum promotions, point multiplier days, hot seat drawings, free gift days, tournaments, food discounts, coupons, parties, special events, tickets to headline entertainers, free or discounted room offers, and free play offers that a casino sends to its database. Demand marketing “pushes” people into the doors of the casino.

Needless to say, demand marketing programs comprise the vast majority of a casino’s overall marketing efforts and comprise the greatest share of overall monthly marketing expenses. It is not unusual for a casino to devote well over 20% of total gaming revenue to its demand stimulation programs.

Invariably, with that level of spending, casino leadership will on occasion ask such questions as, what is the return on investment from all of these programs? How much money did the casino make from that truck giveaway? What would be the effect if some of these programs were scaled back or canceled? At that point, the astute marketer would be able to provide documents and analyses that justify all of their marketing efforts. Others may find themselves unable to defend all of the casino’s demand stimulation programs and may be forced to arbitrarily abandon some of those programs, even those that might be working.

Measuring the effectiveness of individual marketing programs has become increasingly difficult in this day and age, given all of the demand marketing programs that casinos normally conduct. Virtually all casinos in the U.S. now operate in mature markets. With few exceptions, there is more or less a sufficient supply of casinos, racinos, bars with slot machines, video lottery terminals and other forms of gaming to satisfy the basic desires of most American adults. In order to grow or to simply maintain market share, casinos must employ a variety of demand marketing programs. In fact, in most casinos, there is not a day in the month when there is not a free play offer, food offer, seniors’ special, point multiplier, drawing or event

occurring on property. In other words, there is always a strong undercurrent of promotional activities, and as a result measuring the effect of a single promotion can be problematic. This is not to say that it cannot be done; it just takes a systematic approach that includes the establishment of objectives and goals for each promotion, an implementation plan, measurement, post-mortem evaluation, and a system that archives the results of each promotion for future reference.

### Establish Objectives and Goals

For any casino that does not have in place a systematic approach to measuring each and every promotion, it is wise to start somewhere and the best place to start is with its biggest and most costly promotions. Invariably, these tend to be the big drawing drum promotions where the grand prizes are comprised of very expensive cars, trucks or other highly appealing prizes and the qualification period lasts over a period of weeks.

Before beginning the planning of a drawing drum promotion, the casino marketing team must first establish an objective for the promotion and a desired goal. The objectives may vary – it may be to gain market share during a highly competitive period; increase foot traffic during a particularly slow time of year; or be part of a celebratory event, such as the casino’s anniversary. More important, there must be a goal that can be measured empirically. That goal may be to grow new member signups by a certain percentage; increase carded play from a particular segment of the database; or something as simple as to grow wagering volume by a certain amount on the day of the drawing. Regardless, establishing measurable goals is a critical priority of any promotion. Only with a predetermined goal can a promotion be measured.

Measuring the effectiveness of a large drawing can be particularly vexing. Since a drawing drum promotion can last several weeks, during which time patrons earn drawing tickets for the grand prize drawing, it is inevitable that this kind of drawing overlap with other promotions of shorter duration. Drawing tickets can be earned on days when there is an active free play offer, a headline act, or a hot seat drawing. It is impossible to attribute gaming revenue earned by people wanting to accumulate tickets for the drawing weeks in advance from other demand stimulation programs. In those cases, the only way to measure the success of a drawing is on the gaming activity generated on the day of the drawing.

In addition to establishing measurable goals, it is critical that the marketing team account for all of the costs associated with the promotion. Aside from the actual costs of the premiums,

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there are a number of collateral costs such as slot toppers, ceiling danglers, machine warblers, flyers and other in-house communications. There are also the costs of changing out billboards, advertisements in local periodicals and on the radio. An accurate forecast of expenses should also include the incremental labor cost to properly staff the property on the day of the drawing. With a forecast of incremental revenues and expenses, an event proforma can be built.

### **Measurement and Post-Mortem Evaluation**

Once the drawing is complete, it is essential to measure the results of the drawing against the previously stated goals. Did the promotion achieve those goals? Was the forecast of expenses accurate? If not, what were the reasons for those variances?

Just as important as measuring the empirical results, it is important to note qualitative aspects of the promotion. Certain questions need to be answered and recorded in a post-campaign document. From a guest experience, was the promotion a success? Did the energy level in the casino remain high during the entire drawing process? Were front-line employees sufficiently trained to answer customer concerns? How effective were inter-departmental communications? Were there a sufficient number of security personnel available to accommodate the crowds? Were food & beverage outlets overwhelmed by visitors? Was vehicular traffic into and out of the property managed appropriately? Were the objectives and goals achieved? What needs to happen to make the next drawing more effective? These questions are often overlooked and failing to answer and document them can doom the property to repeat them at the next event.

### **Maintain an Archive of Past Promotions**

Finally, all of the aforementioned documents comprised of the promotion’s objectives and goals, the proforma, the quantitative results of the promotion and a discussion that critically examines the qualitative aspects of the promotion should be archived for retrieval at a later date. In this way, past mistakes can be avoided, and future drawings can be made more effective. Furthermore, once this methodology is adopted for the casino’s largest promotions, it can be implemented for its smaller ones. In this way, there is a continuous process where all promotions have stated objectives and goals, a proforma,

results to measure against that forecast, and summary documents that offer advice on how to improve them.

Rest assured, there will come a time when leadership will ask questions as to why the casino spends so much money on promotions or which promotion is the most effective. At that point, it would be wise to have an archive from which to answer those questions. ♣

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