



Marketing Strategies for the New Era

by Andrew Klebanow

As casinos begin to re-open, operators will be faced with an uncertain future. How many customers will actually return? Will their visitation patterns and average spend per visit increase, decrease, or remain the same? How will patrons react to social distancing, a reduced number of gaming devices, fewer food and beverage options, the absence of headline entertainment and a slew of other changes?

What is certain is that a reduction in gaming capacity, in the form of fewer machines and table game seats, will negatively impact gaming revenue. Casino marketers must not only adapt to new social norms, but also optimize their marketing spend to match reductions in gaming revenue.

The past three months have taught many Americans new rules regarding social behavior. Handshakes, hugs, and friendly pats on the shoulder are no longer perceived as acceptable forms of greeting. Even the simple act of going to a mailbox and opening a letter is now treated with fear by many. Marketing strategies that casinos had previously employed may no longer be acceptable in this new era of casino gaming. Many marketing programs that were once considered popular may now put their customers and employees in uncomfortable or unsafe conditions. It is for these reasons that casino marketing professionals will have to evaluate many long-standing marketing strategies and in turn develop new ones for this new era of casino gaming.

A Hold on Drawing Drum Promotions

One of the most popular promotional strategies long employed by casino operators are drawing drum promotions, in which the casino gives away a big-ticket item such as a car, boat or truck. Casino marketers have long embraced this kind of promotion since it was so effective at filling up the casino with patrons. Accounting personnel also liked these kinds of promotions since measuring their efficacy was as simple as looking at that day's gaming win and seeing if incremental gaming revenue exceeded promotional costs. Unfortunately, the notion of bringing together hundreds of people into a confined space is no longer prudent. In fact, this kind of promotional activity could backfire and attract the ire of public safety officials, unleash a spate of bad publicity and worse, generate anger and fear among the casino's loyal customers. The big monthly drawing, long a hallmark of casino promotions, may have to be retired until it is safe again for people to congregate in crowds.

Direct Marketing - From Analog to Digital

Casino operators have long relied on direct mail to deliver targeted offers to their customers along with a variety of

promotional messages. It is also the primary vehicle used to deliver free play offers. Direct mail also continues to be stubbornly expensive. A single first class mailer can cost over 60 cents. Add in two secondary mailers and a casino with an active database of 25,000 patrons can easily spend over \$40,000 a month in printing, production, and postage alone.

Unlike other industries, casinos have been unable to migrate the majority of their customers to digital communications, whether in the form of email, texts, or mobile apps. In this new era, attitudes towards digital communications are rapidly changing. With a newfound apprehension of touching their mail, patrons may now be more receptive to receive their offers digitally. The beginning of this new era presents a seminal moment for casino operators to move to digital communications that are safer than traditional mail. Astute operators can now make the case to their customers that for the sake of safety, all future offers will be delivered digitally, either via email or text, and in combination with their mobile app and personal URL enabled website.

The Rewards Center and the Cashiers Cage

Recently, several commercial casino companies have consolidated the player rewards center and cashier's cage in order to reduce labor costs. The problem with this strategy is that cage cashiers and player rewards program personnel have two distinct and different roles, and their performance is measured differently. A cage cashier's primary accountabilities include cashing chips and checks, and is evaluated on speed and accuracy. A player rewards program representative is tasked with accountabilities including the issuance of complimentary, enrollment, explaining benefits, re-printing of cards, and addressing customer concerns.

As casinos seek to identify ways to better match labor costs to reduced gaming revenues, the notion of combining these two functions becomes more compelling, yet not all casinos can successfully combine the two without negatively impacting customer service. Those casinos that employ promotional kiosks, offer full disclosure and self-redemption of complimentary, and have systems where patrons can re-print cards at a kiosk are far better positioned to combine these functions than those that do not.

Safety Protocols

Every casino will now want to position itself as the property that places the safety of its guests and employees as its highest priority. As casinos re-open, each will be tasked with explaining to customers the changes that management had to implement.

A common preamble to these explanations will no doubt take some form of statement that begins, “in order to protect the health and safety of our guests and employees...” Operators will tout the presence of hand sanitizing stations, additional personnel to wipe down and disinfect machines, employee facemasks, the need for patrons to practice social distancing, and place limits on the number of patrons that can be in the casino at any one time.

Several tribes have already suspended cigarette smoking in their casinos. Cigarette smoking produces two primary byproducts: smoke and coughing. While health experts have yet to determine if the Covid-19 virus can be transmitted through cigarette smoke or vapor, they have determined that coughing is a primary form of virus transmission. Smoking also is exceedingly difficult to do when wearing a facemask, so it must be assumed that most smokers will forego wearing them or will remove them when smoking. Further, when one considers that in order to smoke, a person’s fingers come in contact with their lips, and those fingers then touch chips, cards and machines, smoking is probably the most effective way for the virus to pass from one person to another in a casino. In order to take the “safety of our guests” position, casino operators must take a stand on smoking in the casino until the threat of the pandemic subsides.

The Online Gaming Option

Three states currently offer real money, online table game and slot machine wagering including New Jersey, Delaware, and Pennsylvania. Once customers register at their preferred casino, they can place wagers on their mobile devices. Geo-fencing prevents players from placing wagers outside state boundaries. While online gaming historically only made up about five percent of total wagering volume, it has enjoyed robust growth since the mid-March closures. Online gaming remains extremely popular in Europe and Asia, and it is an option that U.S. operators should consider as part of their gaming mix.

Each tribal gaming enterprise should conduct research into what is needed in order to initiate online gaming. At the very least it would require re-opening of compact negotiations and overcoming legal hurdles. Charting that path is a critical first step. Leadership should also evaluate the various online gaming products that are available, and the costs of establishing online gaming.

Finally, a forecast of online gaming revenue should be prepared. Rest assured, at some point, someone from tribal leadership will ask what it will take to establish online gaming, and the astute casino marketer will have prepared an analysis prior to that moment.

Survey Your Customers

As operators reconfigure their casino floors, determine what kinds of food and beverage operations can open, and adjust

their marketing programs to deal with this new era, it would be wise to ask customers what they think. To this end, casino operators should make a concerted effort to survey their customers. Ask them what their future levels of visitation and gaming spend will be. What kinds of promotions would they find acceptable? Would they consider receiving their offers digitally? What are their thoughts regarding proposed safety measures? Would they prefer a temporary suspension of cigarette smoking until the threat of the pandemic ends? Rest assured; customers have opinions on all of these matters. One only has to ask.

The new era of casino gaming that is about to begin will challenge marketing leadership. Operators will have to quickly develop and test new strategies and abandon others that are no longer socially acceptable or pose a threat to customers. It is time to rethink marketing strategies. In fact, it may be time to rethink everything. ♣

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