At a recent bingo seminar, Greg Pollock and Steve Waller gave a presentation on “Bingo by the Numbers” to a standing-room only crowd. They obviously hit a positive note with the audience. It took more than 15 minutes for the room to clear as the speakers were inundated with questions and requests for follow-ups.

Bingo managers are constantly on the look-out for new tools to help them understand and manage their hall dynamics to a profit every month, and the tools that Greg and Steve discussed connect to common aspects of every bingo room and relate directly to bottom-line profitability, notably bingo probabilities, win/write analysis, and player tracking.

Greg, Vice President of Gaming Solutions for Arrow International, Inc. has helped lead a creation process inside the world’s largest bingo paper supplier that has turned complex probability, which is inherent to bingo as it is to all forms of gaming, into a viable tool for bingo program analysis, and into the development of products such as UniMax™ bingo paper that actually ‘shapes’ the gaming experience of the bingo player. Simply put, probability is the chance that an event will happen. Probability theory is used in bingo primarily to (1) calculate the chance that a game will be won on or before a specified number of calls, (2) calculate the average pay out of a progressive game, and (3) average number of winners for different game patterns. Knowing the probabilities allows an operator to accurately predict how a game will play, allowing the operator to control both pay outs and the length of a game. Greg notes that his company provides several useful tools for calculating probabilities and predicting game play, including complete probability tables and computer simulated game analysis. They can even analyze an entire session and suggest ways to improve the profitability.

One of Arrow International’s special areas of focus has been designing paper bingo permutations with features that are important to entertain and excite the bingo player during the actual bingo game. One strategy is to produce bingo cards that bring more players close to a bingo. “Many of the bingo series such as Arrow’s ‘Player Preferred UniMax’ have built-in features like this,” Greg explained. “After years of developing bingo series we have learned that there are ways to design bingo card permutations to enhance certain playabilities. For example, some card series are designed to significantly increase the number of calls it takes on average to win a certain game, which in turn allows games to offer larger jackpots without increasing their average pay out.”

For a manager, choosing which series of bingo cards to use for specific purposes in program design often means working closely with the manufacturer. Greg points out that he’s helped analyze thousands of bingo programs over the years to help halls maximize their games. And this exchange works both ways. Greg feels that most products and product innovations start with the end user who has an idea that will improve the operation of their game or make the game better for their players.

If using bingo probabilities and bingo card permutation design features can help a manager create change on the bingo floor, tracking and analyzing the results of the bingo program is essential to truly know what’s working and what is not.

Steve Waller, head of Retail Customer Service for Planet Bingo, notes that collecting and managing all of the available data is the starting point. Steve explains, “At any bingo hall there is a wealth of information that a bingo manager can use to project potential budget issues, assess overall game and individual game viability, track player spending habits and ask and answer a host of other questions. The trick for the bingo manager is to categorize the data into meaningful information such as head-counts, the average spend-per-player, the percentage of players using electronic bingo, discounts awarded on a per head basis, total game prizes, promotional game performance, and then study the relationship of this data to hall performance.”

Steve suggests starting by taking each session’s summary and game sales information, typically about three pages of data, and entering the information into a spreadsheet or PowerPoint presentation. This makes it easy to sort and view the information in detailed units of measure, like average spend or individual game win/writes.

I asked Steve to explain the term win/write as it relates to bingo. “The terminology of win/write is confusing to many people,” he said. “Win is the overall net win or loss for a session of bingo, and write is the overall sales for that session of bingo. To calculate win/write, first the gross revenue for the session is determined (the write), and this is usually taken from the session summary report right off the bingo accounting system. From this figure we deduct game payouts and are able to determine the session profit or loss, referred to as win. The win/write ratio is simply the session profit or loss divided by the session sales.” Steve also refers to this as the hold percentage for a given session.

“According to the Minimum Internal Control Standards,” Steve continued, “the win/write is required to be calculated by session, by month-to-date, and by year-to-date basis. But the win/write in general is a powerful tool for the bingo manager to evaluate the performance of all games on an individual level in addition to the evaluating the overall session performance. By looking at the hold percentage (win/write) of each individual game over a period of time it is easier to
identify games that are under performing and target them for change or replacement."

As with Greg’s probability and permutation analysis, managers use win/write analysis to make each game in the bingo program as profitable as it can be. “First,” says Steve, “we look at games by category. For example, there are individual special games, there are the regular session games, and there may be earlybird and latebird games. We need to understand how each category is performing relative to the overall dynamics of the bingo program. A special game, for example, may simply be unexciting to the players. It may need a new pattern, a different hit-frequency, or it may need to be changed completely. Special games, especially if they are progressives, definitely need to be evaluated over time. Is the game profitable overall, or only when the progressive jackpot reaches that critical point where buying frenzy kicks in?”

If regular session games are losing money, and they consist of 50% or more of the nightly prize line, then we have to look hard at the perceived value of the entire game packaging structure. The question is always “what can I do to stimulate greater buy-in at a higher dollar level, or increase attendance, or reduce my liability?” The package-prices have to start at a minimum buy-in with universal appeal, and then encourage additional spend by offering incremental value. It’s all about perceived value, and especially when changes are being made, it’s important to ask “how will my customers perceive this change?”

In general, knowing customers better is greatly facilitated by the use of modern bingo player’s clubs software, which provides all kinds of data-capture, and often the tools to analyze it. Bingo player’s clubs are a two-sided coin. They offer players rewards and incentives, but they’re also a very powerful management tool. For example, you can sort players by demographic characteristics, by zip codes, or by frequency of visits; you can identify and reach out to non-returning players, or to bingo whales (the big spenders), and you can identify casino-bingo crossover habits. Analyzing the bingo operation on all of these lines of measure is extremely important to the operation of a profitable and successful bingo game, and the marketing value of this type of information is endless.

Steve provided an example of a line of inquiry into player habits that yielded some surprising results for a tribal bingo manager in the southwest. This particular bingo hall reimburses bingo players when they use a shuttle service. The players must pay the shuttle service directly, but are then reimbursed their shuttle cost as a discount at the point of sale. To receive the discount they must sign a numbered coupon they are given as they get off the shuttle. This discount is a cash liability against the hall’s income.

The question that was posed to the bingo manager was whether the cost of the shuttle service had a positive or negative net affect on the profitability of the overall bingo operation? It was found that on any given night between 30 and 40 percent of the total players in attendance participated in the shuttle service. The manager ranked each shuttle service by performance items such as arrival and departure times, and he negotiated with them to arrive an hour or two before the bingo session, and leave an hour or two after the session, to allow the customers’ time to game in the casino or dine in the restaurant.

By tracking each customer by shuttle service the manager also determined the incremental value of the shuttle riders by the shuttle they rode. He also tracked the shuttle riders’ average head spend at the point of sale, the frequency of play during a weekly period of time, and by a host of other measurements. The manager found that while the monthly cash liability of the shuttle discount was significant, the revenue generated by the additional 30 to 40 percent of total players was even more significant and definitely had a positive overall impact on the profitability of the bingo hall. The casino shift-managers also saw positive results in increased play before and after the bingo session when they viewed machine play specifically before and after the traffic of the shuttles.

The management team’s conclusion was that the shuttle service represented additional incremental revenue to the casino and to the bingo operation. The bingo hall income from those players was, at a minimum, on a two-to-one ratio for every dollar spent on the shuttle program through the fare reimbursements. The important point is that the program was controlled and tracked, so accurate measures and conclusions could be drawn from the data.

These examples show just a few of the ways that running bingo by the numbers benefits hall management. Testing, evaluating, measuring, analyzing... whether it’s bingo budgets and margin impacts, game probabilities and win/writes, or player spending habits and demographics... the tools to run bingo by the numbers certainly make the multifaceted task of creating and sustaining bingo profitability a more efficient and effective process.

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