



Gift Programs and Data – A Sure Bet

by Chad Carpenter

Casinos are always searching for ways to increase their revenues and the ways to accomplish this are truly endless. Every gaming property strives for essentially the same goals including player loyalty and retention, increased player frequency and spend, as well as new player acquisition. They entice players with individual rewards like free play, food and beverage comps, hotel stays, etc. Then there are the big ‘grand prize’ retail promotions. Who wouldn’t love winning \$100,000 in cash or a new set of wheels?

However, casinos always want to truly set themselves apart from the competition when it comes to attracting and retaining players. A great way to create additional revenue streams can be through player gift programs. Almost all properties are using them to some degree, but oftentimes, the importance of the player data aspect can be overlooked. When gaming properties effectively target the right audience with the right gift program, it can be a great way to increase play and profitability, while truly gaining player loyalty.

A Successful Gift Program Begins with Data

It should come as no great surprise that a program’s success starts with the property’s player database. It’s important to note that there are three main components to starting down the right path with these types of programs. First, the casino must determine their overall strategy and expected outcomes from a program. Then, it must be aligned with the appropriate gift program. And finally, identifying suitable players for targeting with the program. Should any of these three components be “out of sync,” the level of success and profitability of the gift program can be greatly diminished.

From casino to casino, many programs are similar in structure. So what sets each program apart to give a property an edge over neighboring casinos? The answer is simple... player data segmentation. Data can vary greatly based on a number of factors so let’s take a look at a few of those factors here.

Player Trip Frequency and Play Patterns – Look at data to offer insight on when players frequent gaming properties including play times, popular days of the week, peak and low seasons, etc. That may entail looking at player frequency in different timeframes, whether than be in a 3-month window or even 6-months. Part of the strategy is always incremental lift, so knowing if you are seeing those additional trips are critical for success.

Determine the Number of Players – Every player database only has a certain number of players above certain ADT thresholds, so properties need to base the types of

gifts and programs around their database. The value of the gift set plays a key role as you need to align the value of the gift with the value of the player, no differently than how reinvestment is looked at against free play.

Geographic Location and Competitive Gaming Environments – The competitiveness of the gaming environment your property is in plays a large part in selecting the appropriate gift program. Knowing where your players are coming from and who you are competing against can impact the approach. In competitive gaming environments, there can be lucrative areas where a more aggressive gift program could attract those players. But in some less competitive markets, you may be competing against yourself, where a gift program could simply turn into an entitlement and not drive true lift.

What Type of Program Is Best for Your Situation?

Let’s establish the first rule of success to effective gift programs. It’s not about entitlement. Don’t give gifts for the sake of giving gifts because the competitor down the street does. Learn about the programs available and what each one is designed to do. Following are two types of gift programs to consider based on player type, play frequency, spend, geographic location, and area economics. It goes without saying, determining the correct program is made possible through the analysis of a casino’s database and should always be the starting point.

Traditional Continuities – These are designed to generate incremental revenue through increased trip frequency. Here’s how:

- Analyze your player database to first determine if a continuity program is a good fit for the property. Continuities tend to work well within certain player segments to “get them in the door” on a recurring basis. It provides incentive for making the additional trips, which when done correctly, should lead to increased play through additional trips.
- Specific to segments, it’s critical to find the players who are believed to have upside, whether they are sharing their wallet with competitors or have the capacity to spend more at your property. Armed with this knowledge, casinos can implement a program that attracts these players and provides the chance at getting visits and play that may have gone to a competitor.

Earn & Get Programs – These are design to generate incremental revenue through increased slot play by leveraging a gift with

a certain point threshold attached to it. Earn-and-get programs provide the opportunity to increase a property's bottom line, but here are key factors to consider when selecting the type of gifts, days available, and point thresholds.

- Set the proper point threshold for the selected gift set based on your player database. Knowing what is attainable and aspirational for players is critical to the overall success. Take for instance a gamer who typically spends \$50. Expecting that player to lift to \$75 or \$100 to receive a gift is attainable when the proper gift is selected. Expecting that same player to lift to \$300 is probably not realistic, no matter what the gift is.
- Data is crucial to determining the potential for incremental lift. High value players tend to hit the point threshold faster and earn the gift, even though they did not "play up". In contrast, low to medium level players take longer to reach threshold. Finding that sweet spot within the database where you limit the number of players basically getting a free gift against a large enough group of people that can play up to a level is key.

The Potential Pitfalls in Defining Success

Redemption rates alone can be very misleading to a program's success. Basing it merely on the redemption rate or giving away all the gifts does not guarantee increased player loyalty, additional trips, or casino profitability. It needs to be taken a step further by analyzing if there was truly a change in player behavior.

- For example, let's say an earn-and-get program was run every Monday in a month to try and lift play on that particular day. At the end of the campaign, all of the gift sets were given away and coin-in on Mondays was up double-digits. On the surface, one could say that was a successful campaign, but knowing specifically where those increases came from is needed. This is not to say it was not successful, but what if you simply traded play from a different day(s) of the week? What if you set the point threshold too low and the players didn't actually play more? Did they only come that day for the gift? Those are the second level questions that need to be asked and answered to know the true success of the program.
- Scenario two has a property running a traditional continuity every Sunday in a month to try and drive additional trips. A segment of players were identified with certain characteristics and sent the offer of a free gift should they visit on those Sundays. At the end of the campaign, they realized that each week, they had a small

number of gifts that were not given away, but the coin-in on Sundays was up double-digits. Upon a deeper dive into the lift, it was shown that the lift was from the segment of players marketed to. Yes, growth was there on Sundays, but their overall play for the entire month was also up – meaning that even though not all sets were given away, the program did produce true incremental lift.

Gift Programs can be a great way to drive growth for casinos, but doing them for the sake of doing them is not the answer. Taking a step back and mapping out the path for success is critical and when done correctly, all of the outcomes usually lead to more player loyalty through additional visits, increased revenue, and profitable play. ♣

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