

# Raving

Raving's Strategic Solutions Magazine

## Casino Marketing & Technology Issue

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## MESSAGE FROM THE CEO

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Dear Ravers,

The first half of 2017 has been a whirlwind at Raving, and for me personally as I settle into my new role with the company and living in a new city. Both are new adventures. Unfortunately, since my husband Brady is still primarily in Oregon, I have to curb my enthusiasm when I discover a new restaurant or rooftop bar. Aside from eating too much and learning to drive in Reno without my Australian Siri saying “rerouting” due to a wrong turn, I have been attempting to reach out to our list of Raving Insiders (all of you) to say “hello” and listen to your ideas about the future of our business. I appreciate the warm welcome and insights from those I have already met, and look forward to meeting the rest of you over the coming months. I have also been asking the Raving team A LOT of questions. Maybe it’s my roots as a news reporter or my recent completion of a Master Certificate in Executive and Professional Coaching from UT Dallas, but no matter the reason, the team has indulged my constant interrogation.

Additionally, when I came on board I mentioned to the team that we would hold a Strategic Planning Workshop, and they should plan to spend a weekend discussing the future of Raving and the industry. I purposely didn’t give much information, and actually had some fun dropping hints about the upcoming sequester. I’d say things like, “Don’t worry about that now – we will discuss it next weekend,” or “I am not sure; I will add it to the list for discussion.” The only request of them was to be prepared to participate by giving honest feedback, and have an open mind willing to dream of possibilities. I did mention that there would be plenty of food and drinks.

Once we got past the awkward first hour where everyone is still unsure if they really can freely discuss the “elephants in the room” that exist in every organization, we began to strategize about the future



# MESSAGE FROM THE CEO

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of the industry and Raving. This process involved discussing industry trends, evaluating the impact that technology and a changing demographic will have on our business. Using concepts from the [Harvard Transformational Business Model](#), we created Raving's Keys to Innovation Model based on industry trends, and then defined Market Needs. There is no denying that Gaming is entering a new lifecycle phase. Over the next ten years, operators will need to confront aging properties, increased competition, the retirement of industry pioneers, and the realization that technology is significantly impacting the lives of our customers, which will force us to rethink our business model.

For example: The top revenue-producing games companies are no longer within our industry. They are online game developers who are tapping into the next generation of customers and opportunities. Those who don't believe this will have an impact also said that online gaming would never come to the U.S. Successful companies will learn how to harness the power of technology to accomplish this while creating very personal interactions for the masses. Raving plans to lead our Partners through the next twenty years and beyond.

Our focus is to continue working with forward-thinking Partners who understand that we must use research, analytics and technology to create solutions that increase engagement, loyalty and ROI for our customers.

With this in mind, I am happy to welcome our three latest Partners. The first one is Lorrie Hellekson with [CSG Direct](#). As a client, I have worked with the CSG team for nearly ten years, and there isn't a better resource, in my opinion, for flawless execution of Direct Marketing Initiatives and now Triggered Email Campaigns. Check out Lorrie's article on [page 12](#). Kevin Huddleston and the team at [Finley & Cook](#) also join the Raving team as experts in integrating the many financial systems and operational issues unique to the gaming industry. Check out Kevin's article on Audits (not your typical yawner) on [page 10](#). And after a very long engagement, [Casino Science](#) is now an official Raving Strategic Partner. The formalization of our relationship means that Raving and Casino Science will work even closer to strategize and create solutions that will improve the business performance of our partners. Check out Az Husain's article on [page 20](#).



Deana Scott, CEO, Raving Consulting Company  
[deana@ravingconsulting.com](mailto:deana@ravingconsulting.com)

PS – For those of you on my “still to meet” list, let me know if you will be in Las Vegas for the [Casino Marketing & Technology Conference](#). I would love to connect at the Raving booth or have coffee.

*Cover model:* Meet the Raving team at Casino Marketing & Technology 2017. Find out more about Raving's new technology services by reading our partner's articles: Az of Casino Science on [page 20](#) and Andrea and Kevin, our Casino Operations and Technology Team, on [page 32](#)

# More Key Findings That Show How Your Casino Compares to Competitors

*Data on players clubs, promotions and advertising/communications*

By Deb Hilgeman, Ph.D., Senior Raving Partner, Market Research.

In January, Raving released the [first national study of casino marketing](#) based on data from 53 Tribal casinos nationwide. Whether you're with a tribal or commercial casino, the results from this study are designed as a tool to help and inform you.

In the [last issue of this magazine](#), I wrote about the survey data that showed the different types of research that casinos are doing. This type of data can show you what's happening at other casinos so that you can see where you fit in the spectrum.

**In this article, we'll look at some different key findings from the survey:**

- **Players Club** – What percent of clubs have a tiered structure? What is the average percent of tracked play? What redemption options are offered?
- **Promotions** – What is trending in 2017? What are casinos planning to do with free play? Which promotions are the most successful?
- **Advertising/Communications** – What are the most effective mediums? What ad channel changes are casinos planning? What is the average ratio of casinos for email vs. direct mail messaging?

### Players Club

Players clubs are a huge part of a marketing budget, so we're constantly looking at ways to make our programs more efficient and cost-effective. Tiering is pretty much the norm now at most casinos – 81% have tiered club levels.

This is the breakdown of tiered vs. single level, as categorized by the size of the casino's slot floor:

- Casinos with less than 250 machines: 25% tiered
- Casinos with 251-700 machines: 66% tiered
- Casinos with 701-1,500 machines: 91% tiered
- Casinos with over 1,500 machines: 100% tiered (there will be exceptions as more casinos are surveyed)

Tracked play is another metric that is important for club success. According to the survey, 41% of casinos have tracked play between 60-79%; followed closely by 38% of casinos with 40-59% of tracked play. The top category –

80% or more tracked play – was held by 13% of casinos. The bottom category – less than 10% tracked play – was held by just 2% of casinos.

Redemption options are changing, as the data shows. When I worked at the property level, players redeemed their points by getting cash. It was important not to have a players club close to the front door because that made it easier for players to cash out and leave. Today, just 31% of casinos still offer their players the option of redeeming points for cash.

### Promotions

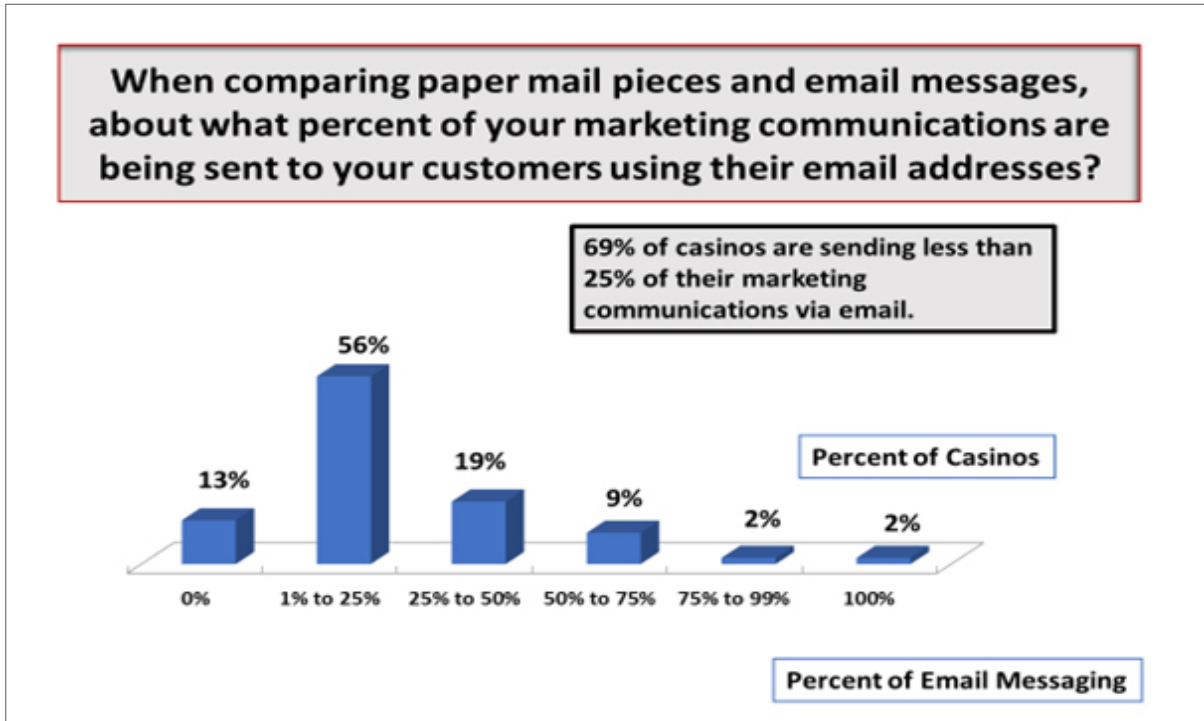
The survey also asked several questions about promotions to determine whether there are any changes that we can anticipate occurring. Data showed that most casinos are holding the line on promotions: 80% are planning the same amount of promotions this year as last year, 13% are planning on increasing promotions this year, and 7% said they'll be decreasing promotions in 2017.

Free play is another key topic when we're talking about promotions. Over the years, it's taken on more characteristics of an entitlement than a promotion, but we're stuck with it for now. Or are we? According to the survey, 13% of casinos are going to cut back on free play this year. Another 13% are going to increase it, but most casinos (72%) are going to hold the line and keep free play at the same level this year.

At Raving conferences, a common question from the audience is, "What promotions work best?" We always look at competitors to see if they're coming up with better ideas, and we worry that the cash and car promotions that are our promotion mainstays may be losing their luster with players. Survey data shows that 89% of casinos say that cash drawings are successful; 67% of car drawings are successful promotions. The challenge for casino marketers is to make these promotion workhorses continue to be exciting and fun for customers.

### Advertising/Communications

Advertising/Communications is where we see the most change, according to survey data. Technology is changing the way we reach out to our customers, and new mediums are evolving to challenge our marketing budget. The traditional mediums – newspaper, TV and radio – are



losing ad dollars to social media and other emerging mediums. The biggest cut is in newspapers, with 37% of casinos planning reduced print buys. The biggest gain will be in social media, with 65% planning increased spending.

Survey data shows that casinos rank TV as the most effective way to reach potential customers (42%), and direct mail (81%) as the most effective way to reach existing customers. These figures may be different next year as communications continue to evolve.

Another area of interest and importance for casino marketers is how – or if – to make the shift from direct mail messaging to emails. Survey data shows that 62% of casinos plan on increasing their email messaging this year. The above graphic shows where the industry is today regarding this transition:

There is much more information in this survey report that is designed to help you determine how your marketing program and department compares with other casinos. We're starting to prepare for next year's study. If your casino did not participate in this study, we warmly invite you and strongly encourage you to participate next year. The more data we have, the more valuable this annual research project will be.

If you'd like information about this survey, or how Raving can help fill your casino's research needs, contact Amy Hergenrother, Raving's VP of Business Development, at 775-329-7864, or email her at [amy@ravingconsulting.com](mailto:amy@ravingconsulting.com).



*Deb uses her extensive research knowledge and qualifications, combined with her casino marketing management experience, to deliver superior market research to Raving clients. Deb works with properties to determine how market research can take their operations and profitability to the next level by removing the guesswork in decision-making.*



## Is Your Focus on Culture, Pride and Passion ...

*Or policy, procedures and routines?*

By Steve Browne, President, Raving Service

Well, we've all seen it ... law enforcement personnel dragging a poor old man kicking and screaming off an airplane. And what did he do? He made the mistake of flying United. Or, better yet, he simply made the mistake of doing business with a company whose culture is focused only on policies, procedures, and routines.

**Not customers.**

**Not employees.**

**Not relationships.**

And certainly not passion for your product and what it creates for your customers. But isn't that what every company should be about? Not following rules, but rather accomplishing their mission? And shouldn't their mission be inexorably tied up with the value that they are mandated to create for their customers, value that the customers will pay for? Because all business is about creating value, not making money, something United either forgot or never knew in the first place.

So how about your culture? Is it focused on the gambler? Is it zeroed in on the player experience on your casino floor ... in your restaurants, hotel rooms, and yes, even your parking lots?

You know, all of us have properties of varying and different make-up. Different amenities, different offerings. But we all have one thing in common: our employees. That's right, the ones who live under that culture and either live or die by their pride and passion for what they create for their guests, our wonderful gamblers who drop coins in our machines and dollars down our drop boxes (okay, I'm dating myself with the coins, but you get the picture). So let's say that you have the culture part down. Let's say that you are well-focused on your guests and looking for ways to ensure that your team members get the big picture and come to work every day infused with the pride and passion that they need to sell a great gaming experience to our guests.

**In this article, I offer five vehicles that you can use to continue to focus your culture and engage your workforce with the pride and passion that they need to meet the challenge everyday of selling gambling to our gamers on our casino floors.**

- 1. The Service Pep Rally** – You should be doing at least one of these a year, and preferably two or three. With an agenda of high energy and fun presentations, motivational speakers and stories, employee reward and recognition components, and manager and director involvement, the pep rally is one of the best ways to create and drive a culture focused on both the employees (internal customers) and guests (external customers).
- 2. Customer Listening and Engagement Posts** – Are you talking to your guests on a regular basis through focus groups, customer advisory boards, surveys and, most importantly, staff/customer promotions designed to bring together your best players and brightest employees? Yes, we interact with our customers every day in our jobs. But those times can be stressful, hectic, and not conducive to building lasting relationships. I'm talking about creating vehicles that allow your guests and team members to come together in non-confrontational, non-service-oriented ways to better their relationships and foster understanding of the needs of both groups.
- 3. Internal Marketing Program** – From signs and placards to back-of-house parties, bulletin boards and awards displays, internal marketing of your culture and a constant focus on your mission are critical to creating a language of caring and an environment of passion among your staff. We get so caught up in the efforts to market our product to our guests that we completely forget that the same tactics and techniques will work internally to sell our mission, beliefs, and values to our internal guests as well.
- 4. Storytelling** – Do you tell stories, share experiences, pass on successes in a very formal and organized way? Storytelling is a fundamental key to creating a culture of anything, and the history of storytelling and its role in creating a sense of community and continuity among tribes and peoples goes back hundreds, if not thousands, of years. Do you find a way to identify and tell your stories on a daily basis?

- 5. Reward and Recognition** – An easy thing to say, but an extremely hard thing to do right! There is an art and a science to reward and recognition that should be part of the skill set of every manager that you employ. And your R&R program needs to be constantly adjusted, tweaked, and fine-tuned to ensure that it achieves only one goal ... the desire of every team member in your organization to get a little bit better every day at the art of selling an entertainment experience that enriches your customers' lives. Recognize them when they do it, reward them when appropriate, and celebrate the passion for excellence you create in them with your attention, your time, and your praise.

The previous tactics are not just to help you improve your service, but rather to create a focus on service above all else. Because if you don't want to just improve your service, or just develop a better training program or better standards, if you don't want your employees literally or figuratively dragging your customers off the plane like United ... then you need tactics like those above to not just improve your service, but rather drive a service culture, one focused on the only thing that should truly matter in your organization ... the quality and value of the gaming experience that you provide to every guest who walks in your door ... every moment of every hour of every day.

Good luck with that. And if you need help, give us a call ... that's why we're here.



*Steve is known for his gaming savvy, extremely motivational style, and "people focus." These traits have helped Steve to become the premier customer service and player development resource in the gaming industry.*

Meet Steve at the Raving Booth #306 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas. Steve will be presenting the session, **Beyond Player Development: Turning ALL of Your Casino Employees Into Revenue-Driving Salespeople**, on Wednesday, July 19, 9:45 AM – 10:45 AM.



## Resort Operations vs. Gaming

*“Why can’t we just get along?”*

By Brett L. Magnan, Raving Partner, Hospitality

Silos are created and business breaks down when the entire team doesn’t understand the holistic goal. Too often you will hear:

“The Slots team thinks they run the property.”

“The Table Games team has it easy. Slots does all the work.”

“The Hotel team keeps trying to put rules on us when booking our players.”

“The bar is too loud and just wants to cater to the locals.”

“The hotel wants to charge me too much for a VIP player.”

“The restaurant doesn’t cater to my players and makes them wait.”

“HR makes it so difficult for me to hire new staff.”

“Marketing only wants to focus on slot promotions.”

Property leadership can fix this problem with a series of educational sessions to share the business goals and how each team fits into the success or failure of the entire operation. Also, it is important that departmental focus and goals be about the holistic direction of the property and not just traditional individual departmental goals.

This can be illustrated in a simple exercise in the hotel division where traditional goals are measured on average rate (ADR), occupancy and revenue per available room (RevPAR). Although these are good measurements of performance, it is more important that the hotel operators have an asterisk with these measurements when they sacrifice rate to accommodate players important to the gaming divisions, where the impact to the overall property is much more significant than yielding room rates traditionally.

In addition, check-in and check-out times, credit, reservation lead and cancel timelines, as well as holding out the best rooms are necessary for player development of VIP players. Once hotel leadership has been released



# HOTEL NON-GAMING AMENITIES

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of the traditional curbs in operating the hotel, they will be more willing to work with the other divisions and start to treat the comp player who was placed in the nicest suite at the last minute, as important and less of a frustrating inconvenience.

This goes both ways. Filling the hotel with the highest or best yielded rated business is the primary goal of the hotel team. With competition and third party Online Travel Agents (OTAs) being so pervasive, the hotel team must work even harder to obtain and retain guests, while maximizing rate and occupancy. There should be an asterisk or understanding that these metrics are a good tool to show performance, but they may not tell the complete picture, as lower rates could be due to accommodating rated players who dramatically impact the gaming division's profitability.

These "awareness sessions" also have a positive impact on other divisions playing nicely in the sandbox and staying focused on the greater goal, while appreciating the difficulty that each division shares daily.

- Bars only do well when they are exciting and have enough volume to overcome the labor burden. Promotions to the locals and driving new clientele are important tools, however they may not drive any additional play on the gaming floor. The promotions also may not serve the gaming message. A collaborative discussion between the gaming team, marketing and F&B will help develop promotions that may serve both. Weekly promotions to entice players to participate in the F&B outlets, where either the music, offering or other entertainment is catered to their specific demographic. This creates a win-win focus between gaming and non-gaming teams.
- Restaurants with long lines of non-rated or non-carded guests, requiring rated players to wait in a traditional system is dangerous as well. Paging systems and a VIP line can solve this problem if implemented with a greater understanding of the shared goal. Modifying food offerings to cater to the player in a non-traditional manner is crucial. One-handed menus for slot players to eat at the machines, quick service for those wanting fuel to continue playing, and room service style food for poker guests to enjoy while they play.

- Support departments can benefit from these shared sessions as well by understanding and being empathetic about how difficult it is for each department to function in a casino environment. Human Resources, Finance, Marketing and Administration are all very impactful to the success of the overall property and individual divisions. Their internal customer needs are essential to serving "our" external guests. Ultimately, we are all serving the membership needs, and our work is very important in providing the services and amenities needed to keep a tribe healthy.

## So ... what do you need to do?

It starts at the top. Begin with the leadership team meetings and get buy-in from every division leader. Then continue to have "awareness sessions" with every department head and every team member. Make them fun and informative. Show the line team exactly how their work impacts the success of the overall property.

Goals should be modified and "asterisks" provided about evaluation of metrics to show the importance of this new focus.

Essentially, I believe that with good conversation and understanding of each of the roles on-property and how they impact the common goal, silos will be eliminated and a cohesive team can be created.

You will see that in doing this, teams are happier and more focused on the common goal, and casino profits will increase.



*Brett brings a wealth of experience operating high-quality hotels, casino resorts, spas, and food and beverage facilities. He is known for his planning and opening of new properties, and is a trusted resource in the gaming industry with his reputation for hard work, innovation, teamwork, honesty, and integrity. For more information on Hotel or F&B 360 reviews, contact Amy Hergenrother at [amy@ravingconsulting.com](mailto:amy@ravingconsulting.com).*

# Properly Safeguarding the Assets of the Casino and Tribe

*Can your financial statements be reasonably relied upon?*

By Kevin Huddleston, CPA, CGMA, CFF, Strategic Raving Partner, Accounting and Auditing, and Partner, Finley & Cook

I think it might be good to apologize now. This subject isn't exciting, but like exercise, you have to push through the pain to get the benefit. So grab a glass of water, and let's plow into this dry subject. Casinos are required to have annual audits. Auditors proudly deliver stacks of reports that are the result of the work performed. Unfortunately, most tribal leaders, gaming commissioners and staff, and even casino management, don't really understand what the reports are telling them. In this article, I will demystify some of these reports, and provide you with some insight for reviewing and understanding what they are telling you, and how you can use the information to improve your business.

There are different types of audits that casinos are required to undergo.

**Internal Audits** – These are performed by personnel of the gaming commission, or they can be contracted to an outside firm. If you choose to contract with an outside firm, it generally would not be the same company that performs your external financial statement audit. Internal audits are usually focused on testing compliance with laws, regulations, or approved policies and procedures. They ask the overarching question – are people doing what they are supposed to be doing?

**External Audits** – Just like it sounds. These are contracted to external CPA firms. There are different external audits required each year as well. The main ones to be aware of are the annual financial statement audit, the audit of compliance with the NIGC minimum internal control standards (MICS report), and the audit of compliance with Title 31.

Today we will be focusing on the internal control reports associated with the external financial statement audit. They include:

1. AUP (Agreed Upon Procedures Report) or MICS Report.
2. SAS 114 (Auditor's Communication with Those Charged with Governance)
3. SAS 115 (Communicating Internal Control Related Matters Identified in an Audit)

Still with me? The dust is really going to start flying now.

### **AUP – Agreed Upon Procedures**

The external auditor will review the casino's processes, procedures and actual documentation to verify its compliance with the NIGC's internal controls. The AUP report will show any instances of non-compliance with those regulations. The report will list each section of the regulation where the auditor has detected an issue of non-compliance, along with information and suggestions for resolving each issue. This report can be lengthy if there are a large number of instances of non-compliance. The format of the report will vary from auditor to auditor, but the information communicated should be consistent. There is guidance on the NIGC's website as to what the report is supposed to contain. Here are a couple of things to consider when reviewing this report:

1. A large number of instances of non-compliance may indicate a lax attitude toward internal controls.
2. A large number of REPEAT findings might also indicate that the controls in place to ensure compliance with regulations are poor, or the general attitude toward controls is lax.

As you review this report, be sure to notice whether the finding is because you don't have appropriate policies and procedures, or if it is because someone is not following the policies and procedures that you do have. Not having an adequate system of WRITTEN and TGRA-approved policies and procedures is a problem, but it is a bigger problem if the policies are not being followed. Management may have responses to the findings in the report. The quality of the response will show you how seriously management takes the findings. The response should clearly outline the action to be taken, and specify deadlines for completion. Your TGRA should follow up on the corrective action BEFORE it is time for the next external audit. Remember, recurring findings indicate that management may not be taking things seriously. The external auditors will follow up!

## SAS 114 – Auditor’s Communication with Those Charged with Governance

This letter is required by the accounting profession’s standards to communicate significant findings from the audit. The following items are required to be communicated:

- The casino’s significant accounting practices, which may include comment on the acceptability of those practices and the use of estimates, if any.
- Significant difficulties encountered during the audit, if any.
- Uncorrected misstatements, if any.
- Disagreements with management, if any.
- Other matters arising from the audit that are significant and relevant to those charged with governance.

Each of these items will be listed in the letter, but they may state that “there were no…” to indicate that there were no findings or issues for that item. If there are issues disclosed in this letter, you need to carefully review the auditor’s report on the financial statements (more on that to come). Changes may have been made because of an issue encountered.

## SAS 115 – Communicating Internal Control Related Matters Identified in an Audit

This last internal control related report is also required by the accounting profession’s standards to communicate things defined as either:

1. Material Weaknesses – A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected in a timely basis.
2. Significant Deficiencies – A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

You may not see this letter if your audit was clean. That’s a good thing! If you do get this letter, be sure to review it carefully. There are a couple of things to understand about the letter:

1. The number of items
  - a. Obviously, the more items there are on the report, the more work is needed to be done to correct them.

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2. The nature of each finding
  - a. Material Weaknesses are more serious than Significant Deficiencies.

As with any finding or exception, the seriousness of the situation has to be evaluated. Anything that exposes the casino to theft or losses needs to be dealt with quickly.

Hopefully the dust cleared and you can see the reports in a new light. Are the assets of the casino and Tribe properly safeguarded? Can the financial statements be reasonably relied upon? These internal control related reports produced by the auditor will help to answer those questions. That’s why it is so important that you, as the reader of those reports, have an adequate understanding of their purpose and meaning.



*Kevin, a member of the Choctaw Nation of Oklahoma, provides outsourced accounting and consulting services for Native American tribes and casino clients. Through his nearly three decades of working within the gaming industry, he is an expert in integrating the many financial systems unique to the gaming industry.*

*Meet Kevin at the Raving booth #306 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally’s Las Vegas.*

# How an Inch Can Save You Thousands on Your Direct Mail

*Cost-saving tips that you might be missing*

By  Lorrie Hellekson, Strategic Raving Partner, Direct Mail and Digital Printing and CEO,  CSG Direct

First, let's make something clear. The post office will mail just about anything.

*For a price, that is.*

So just because your customers are receiving your direct mail pieces, it doesn't mean that you're not paying way too much for the process. And sometimes you might not even know it!

Now you may say, "Surely, between our advertising agency, our in-house marketing team, our printer and our direct mail house, someone is making sure that our mail is not costing us more than it should!"

*Well, maybe yes, maybe no.*

I can tell you that I see hundreds of pieces of mail, from every size of casino and hotel, that come across my desk oversized, with premium postage, and not printed correctly. That's costing some marketing departments way more than it should.

*Hopefully these pieces are not from YOUR organization.*

It's not a question of technology or spending more money. You can be the hero in your organization and save thousands out of your marketing budget by ***insisting that your print partners have their eye on YOUR ball for you at all times.***

So let's make sure of that. I've created a short checklist that you can use to audit your processes. This is always my first step with any new property that we work with.

### Direct mail review checklist

#### 1. Are you sending out the right mailing class?

What's the difference between First-Class and Marketing Mail? They don't look different. Your customers won't notice the difference, but your bottom line will.

The difference in cost between First-Class and Marketing Mail (the old Standard mail classification) is approximately 30%. What does that mean to you? If you're sending out about 10K newsletters per month, that could be a savings of \$15,840 or more per year!

How do you take advantage of Marketing Mail? Marketing Mail takes longer to get to its destination. So if you stick to an advanced **marketing schedule**, then it's no problem. Be sure to allow adequate time for design, data prep, proofing, production, and mail travel time. All postal mail can be tracked, so you can build your marketing schedule on reliable data.

#### 2. Are the dimensions of your mailer costing you more money?

Did you know that even a ¼-inch in length or height can mean that your mail piece is going to qualify at a higher postage rate? A small consideration could possibly cost you thousands of additional dollars in postage and mail production costs.

See, if you design something for the *letter-size category*, you can take advantage of the best postage rates. Even a slight deviation will put your mailers into the *flat-size category*, the category for oversized mail pieces. Sadly, if you don't audit your postage costs, you may not even know that you are getting billed at a higher rate.

Keep your mailers no taller than 6 1/8 inches and no longer than 11 ½ inches for a postcard, or no taller than 6 inches and no longer than 10 ½ inches for a self-mailer, with the longest edge on the bottom, and your mailers will meet letter-size postage qualifications.

In addition, check with your printer to see if there would be any savings in reducing the size of a mailer by a small amount in order to print more on their press sheets. Printers come in different sizes, which means different press sheet sizes. Make sure that you are maximizing the use of paper resources.

#### 3. Design of your mailer

As mentioned above, you can design a postcard and if it is slightly off size, you won't be able to take advantage of the best postage rates. But there are other design elements as well that you may not know about. Here are a few.

If your advertising agency designs a really stunning piece, and just say that the area where the address goes is in a really dark color, then postal machinery won't

be able to scan it properly. If the postal machines can't read it, all those pieces have to be hand-processed and you will be charged a surcharge for each piece. If, for any reason, your mail piece can't be processed by postal machinery, you will end up spending an extraordinary amount on your simple mailer and look at much longer delivery times.

Watch for other issues like reflectivity, which is using a paper material that is too shimmery, or placing the return or destination addresses in incorrect locations, or not leaving adequate space for barcodes. If your mailer includes a reply piece, make sure that it is designed to meet automation requirements, or your entire mailer may receive a non-automation upcharge in postage.

#### 4. Features of your mailer that are costing you extra

Do you send out monthly coupons to your clients that you don't require them to physically bring in? Do you still have these coupons perforated? Perforation is just another additional cost in your printing that adds thousands of dollars per year. Not to mention the additional production time needed.

Consider your paper choices. Use more common and robust paper stocks for postcards and folded self-mailers. Let's be realistic, the machinery at the post office can be pretty tough on those types of mailers. Don't spend money on fancy stocks that may get scuffed or smudged as they travel through the postal system. Use the fancier stocks on the high-end mailers going in the envelopes where they are protected.

#### 5. Finally, your *Gold Mine*, your contact list

One of the largest cost savings an organization can take advantage of is maintaining their database. "Yeah, yeah, yeah," you say, "we know this." But list maintenance is a lot of work, and frankly, should get more attention than you might already think.

Mailers should be performing a CASS certification on all data used for a mailing. This process confirms the address provided exists in the master postal database. A move update, like NCOA (National Change of Address), needs to be performed on a mailing list within 95 days of a mailing to make sure that a person hasn't moved

or changed their mailing address. Once you have the updates obtained through these processes, are you incorporating the changes back into your master database? If you aren't, you will eventually lose contact with your players.

Since you are mailing at Marketing Mail rates, pieces addressed to an incorrect or invalid address are destroyed by the Post Office. Make sure that your marketing dollars aren't going in the trash.

There are also additional – and very affordable – processes for finding records for deceased individuals, for appending demographic and geographic information to your existing player records so that you can more specifically cater offers to the right players, and for appending email addresses so that you can further support your marketing efforts at a lower cost.

Lastly, are you considering whether a player is "active" when you construct your mailing list? A player who

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hasn't visited your property in an extended period of time might qualify for a different type of mailer than a player who plays regularly.

## In summary

- Be proactive and set up a schedule to take advantage of the lowest postage rates.
- Check that your templates and designs reflect the most up-to-date postal requirements.
- Evaluate the design of your mailers and stop paying for add-on processes that are not benefiting your ROI.
- Clean and update your postal database to reduce waste, and look at additional inexpensive processes to enhance your marketing efforts and increase ROI.

If your direct mail partner is not auditing these systems for you, not offering advanced services to help schedule your mailings, not providing programmers to help clean up your database and do triggered mailings and emails (we'll get to this in a future article), then give us a call or send an

email. Our team is happy to do an audit of your direct mail program and check all the items that could be costing you unneeded expense.



*Lorrie has grown with an industry where direct mail is still king, but technology requires multi-level campaigns and the knowledge to execute precisely, and at a competitive cost. Lorrie and her team are experts in customized, variable, direct mail printing and automated triggered direct mail and email programs.*

Meet the CSG Direct team at Booth #204 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas. They are on a panel during the session, **Advanced Email Strategies and Tactics for Casino Properties**, on Wednesday, July 19, 3:00 PM – 3:45 PM.

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## Managing Metrics for Player Development

### “Player Development KPI Plinko”

By Nicole Barker, Senior Raving Partner, Database & Loyalty Marketing

Do metrics motivate? No.

Do metrics improve performance? No.

Do metrics drive revenue? No.

Metrics are indicators. Metrics can work as triggers for further action. Metrics serve as red, green, or yellow flags for time that has already passed. Metrics, in effect, are only a mark in time.

So why do we think that metrics will align our efforts, prompt improvement, and increase our returns? The existence of reliable data distilled down to a metric that you monitor is an important discipline. It's a mammoth task to construct the internal mechanisms to deliver these tools. Now what? The journey only begins when an organization has access to reliable data delivered in a broad selection of metrics.

Here is where Plinko comes into play. Data abounds. We can pluck countless data points from a CRM system. We can monitor these data points and call these indicators metrics, with which we judge our returns and performance. By limiting our selection, we can raise the status of a metric and turn it into a KPI, a *Key Performance Indicator*. KPIs are the metrics that make departments sweat. Did we meet our numbers? Are the numbers right? Are the incentives attached to the KPIs reasonable?

### KPIs and Casino Player Development

KPIs that feed sales compensation programs need to be aligned with overall casino goals, and reflect how new or established an entity is within a marketplace. Most importantly, only two or three metrics should be included in a sales compensation program. More KPIs muddy the waters; Hosts who have too many targets have difficulty prioritizing their time and effort.

To decide upon a selection of KPIs, we need to categorize and qualify the different types of metrics and examine their utility. This is like dropping each metric through a Plinko game to see where it lands. Where it lands will determine whether the metric will graduate to the level of a KPI.

Fortunately, many metrics are useful to aid in the sales process. Can you drop each metric that you monitor into one of the following categories?

### Performance Standards

What tasks are attributed to the brand image and overall success of the casino?

Do you strive to be the friendliest casino in the neighborhood? Do you have the best promotions in town? Is your loyalty program the most generous?

Customer surveys and market share reports produce metrics that monitor these attributes.

Performance standards help illustrate how employees embody the brand. Setting goals towards these metrics allows casinos to drive towards better standards by breaking the implementation into more bite-sized and attainable pieces that can be measured. However, these types of metrics rarely make the cut as sales-driving KPIs.

### Coaching Metrics

What tasks are attributed to driving more play or more trips at the player level?

If you evaluate your top salespeople, what do you find? Are there certain tasks that they perform that drive success? Are there touch points that they use (like cold calls, personal letters, or time spent on the floor) that feed results? How do they prioritize their time? How do they build the pipeline of players that sustains growth? Many metrics can be tied to success. If you register X, then Y will follow.

If a salesperson achieves their quarterly KPIs, a sales compensation program is set to reward the Host above his or her base salary. If a salesperson falls short of his or her KPIs, then coaching metrics are there to help guide both supervisor and salesperson towards better performance. In many instances, coaching metrics better performance, but they do not directly affect revenue.

### Revenue Drivers

A Host's job is to drive sales through Acquisition, Retention, and Reactivation activities. The shift from a reactive mode to a proactive mode pivots on the Host's ability to connect with sales potential and leverage relationships to increase trips and spend.

Complexity ensues when the means to measure revenue take many forms. Are sales measured by Coin-in or Theoretical? Should the comparative time period reflect

# HOST AND PLAYER DEVELOPMENT

growth sequentially or from the same period last year? Is the measure of choice reliable over time, or is it too volatile to serve as a KPI?

It is not a question of whether to include revenue metrics as KPIs. The challenge is in qualifying the measure to best reflect the capture of business that is sustainable. Was an increase in trips or spend gained at significant cost? Did the sales efforts engender loyalty, and is that loyalty measureable over time?

## ***Profitability Caveats***

To hit a sales KPI, a Host may game the system. What? Shocker. Throw Free Play and Hotel Rooms at any guest, and the ensuing Theoretical will balloon. Tallying up the expenses following habits that invite the same guests to every VIP event and revenue may look fine, but profitability won't.

Profitability caveats need to be woven into the measures that reward success. Savvy reporting will always reveal sales leads that support revenue growth. No market is too mature for growth. However, mature Player Development programs in established markets may struggle to retain customers. Meteoric growth expectations shift to an emphasis on wisely sustaining the business. Managing churn, building a healthy pipeline of players, and controlling costs take center stage. Do you have metrics to reward a sustainable approach for responsibly managing a portfolio of customers?

## ***Team Goals***

It's all about the sales growth, isn't it? If you were to allocate a percentage of time spent to each task that a Host performs within a day or a week or a month, a high percentage of her time would be spent serving as a Host, not as a salesperson. Hosts do not operate in a vacuum. The calls she answers, the floor time, the presence at an event, all play in to servicing guests and supporting her peers.

Response rates to events, speed of response to inquiries, and departmental ROI all serve as metrics to watch in order to gauge how well the Hosts perform as a team.

KPIs within a sales compensation program can fall in to two buckets: those that reward the individual, and those that recognize a team. The weight an organization puts on one versus the other reflects how integrated the approach to guest service is woven into each job description.

## ***Promotional Directives***

To form new habits, one needs to operate under a new set of rules and expectations for a moderate amount of

time. To celebrate a grand reopening, to roll out a new loyalty program, to thwart competitive threats, short-term promotional directives spotlight sales tactics that need to be unleashed for a limited time.

The metrics that measure enrollment and participation merit rewards to salespeople who fulfill their quotas. However, each item is a step or two away from generating additional Theoretical beyond the hang time of the directive.

## ***Book of Business Management***

The final set of tools evaluates the collection of players that a Host serves. Metrics and reporting that monitor Churn, the player mix in contribution and count of behaviors that reflects Acquisition, Retention, and Reactivation stages, or the balance of Inclining or Declining spend and visitation, all help the Host manage his book of business. Like coaching metrics that monitor tasks that directly affect the player, this collection of metrics seeks to round out and help prioritize tasks across a portfolio of customers.

Player Development Departments may support a collection of varied Host positions that cater to different segments within the database. Sales compensation programs need to reflect the different set of expectations commensurate with each differentiated job description.

Book of Business Metrics help the Host to evaluate customers who they seek to code, the strategies that the Host devises to court loyalty, and prioritize his time across a multitude of opportunities. A collection of metrics supports a robust approach to Player Development. However, there is a science to building a small set of KPIs that suits a Host's job description, the overall goals of the casino, and the competitive climate. The road to utility begins with the proper identification of the function of each metric and its connection to revenue generation.



*Nicole works with casinos across the country to harvest potential from patron databases in order to fine-tune the segmentation, messaging, and programming of multimedia and multi-channel campaigns.*

*Meet Nicole at the Raving Booth #306 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas. Nicole is presenting the session, **Reboot Your Tiered Program: It's Tired, It's Complicated, and the Customer Doesn't Care**, on Thursday, July 20, 9:45 AM – 10:45 AM.*





## New Thinking: Maximizing Your Opportunities on Your BEST Days

*Let's talk about peaking the peaks ...*

By Toby O'Brien, Senior Raving Partner, Marketing

Are you still holding on to the belief that you shouldn't plan promotions on the weekends, shouldn't allow players to redeem offers on weekends, should focus all your efforts and marketing dollars on the slowest days of the week, month, year? Since I started in the gaming business 23 years ago (July 1994), I have been bombarded by training, management, and marketing professionals who have consistently beat this into my brain. Friday night, Saturday, and sometimes early Sunday are already busy ... stop spending money on players who will come on the weekends anyway ... try to drive weekday visits with special events, entertainment, free play offers only good for Monday-Thursday, and on and on.

NOT NECESSARILY TRUE.

Now, before all you gaming pros out there start pointing fingers at my ignorance, my naiveté, my misguided strategic thinking ... give me a chance to expound.

**Let me ask you to look at your particular market. To explore your database. To understand where your revenue comes from. To consider your competition.**

- Are you primarily a locals market where it's easy for your players to visit any day of the week?
- Are you a drive-in market where most of your players require at least 30 minutes to an hour or more to reach your destination?
- Are your players Monday-Friday, 8-6, blue or white collar employees with little shift work?
- Does the bulk of your revenue come from outer markets whose customers stay overnight?
- Most importantly, are you and your management team spending time on your gaming floor and around the property during the peak periods of

your business, evaluating your business flow and revenue opportunities? (Or are your best and most loyal managers and employees enjoying the perks of longevity with time off on weekends and holidays?).

- Do you look strategically at how much room there still is to grow business during the busiest times, often the easiest times for your players to visit?
- Are there open seats at slots and tables, do you have available hotel rooms, are certain restaurants clamoring for diners?

I have worked at and with casinos that just can't push masses of players to visit during the week. For example, the Cripple Creek, Colorado, market, situated at 9,300 feet in the mountains just west of Pikes Peak, is severely challenged to produce weekday visits from customers who live one to two hours "below" them, especially during the winter. There are many tribal casinos whose locations are far from cities or other large populations, and yet they spend significant marketing dollars struggling to fill their slot machines with promotions on a Tuesday or Wednesday evening.

I'm not suggesting that you don't continue to look for pockets of valuable players who are able to and do visit off-peak, off-season, midweek. Our ability to massage our databases and leverage our increasing knowledge of our guests provides many opportunities to drive visits with personalized, appropriate offers to players who can take advantage of them. Locals can often be persuaded to make an incremental, midweek visit. Retired customers have more freedom in their schedules. Vacationing guests tend to be flexible.

But this doesn't mean that we should stop trying to maximize our most lucrative business periods, so long as we can continue to offer a good gambling, hospitality and service experience. If we have room for more players on weekends and during peak times, it's easier and less costly to attract them when they are available. And it's easier to steal them from the competition if they are more available, as well. Experiment, test, look at opportunities to expand your weekends with offers earlier on Fridays and later on Sundays. Virtual drawings, hot seat promotions, earn-and-get gifts (not free giveaways), point challenges, can often

be delivered without tremendously increasing staffing, and still creating excitement on your floor and giving players a reason to visit you, rather than the casino down the road.

### Several words of warning

Be careful about displacing your key players ... favorite slots and tables, parking, restaurant seating, must be considered when trying to expand business during peak times. Be aware of staffing so that your service levels don't suffer; creating more lines and making your players wait forever for beverages won't lead to a positive result. Make sure that your management team and best employees are on the clock during your high volume hours ... they are the people who are most experienced at handling conflicts, supporting staff members, and providing the attention that your players crave. Continue to control benefit stacking: multiple promotions, tier benefits, and direct marketing offers can turn your player reinvestment upside down. Be sure that you have accounted for player worth when building all your benefit models.

There is no industry blueprint for gaming revenue. Every property is different, every customer base is different. If you have been following old rules or struggling with the restrictions forced on you by old patterns, it may be time to break the paradigm. Look at the needs of your customers and take the revenue when you can get it. Stop fighting against the tide of what works for your property. The bottom line is, after all, the bottom line. There may be value in maximizing your highs. Go ahead ... peak your peaks!



*Toby has helped gaming organizations for over 22 years. As a Raving Partner, she assists casinos in building strategies that engage employees, attract guests, and grow business.*

*Meet Toby at the Raving booth #306 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas.*

# A Successful Manager's Guide to Effective Merchandising

*What's in it for you? Just a little fame and fortune*

By Chris Keenan, Raving Partner, Tribal Artist Program and Retail Optimization

Next time you visit your casino's gift shop, take a moment to stop and actually LOOK at it. Don't think like a boss, think like a customer. (Who actually IS the boss, but that is an article for a different day). How does it feel when you walk in? Inviting and interesting, or junky and distracting? Do you want to come in and explore? Or are you distracted by, well, stuff? Is the salesperson chewing, putting down a drink, or trying to pretend like they are not on their phone?

**Here is your casino merchandising guide-at-a-glance:**

**1) Do hire friendly and professional salespeople.** The last thing you need is for your staff to start complaining about something, whether it's the store, the property, the community, or the world. This is a respite for the customer, and those subjects are exactly what they need a break from.

**2) Do not disturb the customer with vacuums, boxes of unpacked merchandise, or salespeople's personal items.** Keep the door to the stockroom closed at all times. Keep the wrap desk clean and clear of debris. Have your appropriately chosen background music playing before you open the door right on schedule. Realistically, many times the appropriate staffing level may be only one employee, and they do need to put out the new merchandise. This is perfectly acceptable as long as it is done as discreetly as possible, and the salesperson is warm and welcoming without coming across as harried and overwhelmed.

**3) Hot Item – Hot Spot (Drop the Mic).** If you do nothing else, do this. What is a hot item? It's the item you sell more of than any other item in the store. What is a Hot Spot? It's the area in your store that gets the most traffic, usually front and center. You should never run out of this item in the best color, size, flavor, or whatever. Running out is a DISASTER. If you want fame and fortune – don't run out of your hottest items. Hint: over time you will become complacent and even bored with this item. If you can't stay excited about the item, stay excited about the volume and profit that it generates.

**4) Keep it fresh.** Remerchandise your store regularly by changing your featured items. (Don't even *think* about moving your hot item out of its spot). If you have sweatshirts out on the four-way and sweaters hung along the wall, switch their placement, or fold them rather than

hang them. See if you generate more sales. If it rains, move your rain jackets to a high traffic area first thing in the morning. If the sun comes out, switch the rain jackets with sunglasses, etc.

**5) Find unique and exclusive merchandise to feature in your store.** Hopefully you have access to local Tribal artists ([read my article here](#)), which can be a big draw for your local or traveling customers. Display their wares in a special area, and feature the art and artist through unique signing and displays.

Fame and Fortune, really? Fortune – yes. If you follow these steps, your sales will increase and you will receive fortune in the form of continued employment and possibly a bonus, if you operate under that type of structure. Fame – yes. If you incorporate Tribal art into your store, you will be appreciated by the customers, admired by the artists and their families, and respected by tribal government. It's smart merchandising. Good luck, and have fun!



*Chris has been in retail for over 30 years, and is also an enrolled Coquille Tribal member. With this experience, she understands the importance of creating opportunities for membership within the enterprises. With her vast experience in retail and Tribal economic development, she is the perfect combination to help Raving clients build a new retail enterprise from start to finish, upgrade and improve their current program, or custom build a Tribal Artist Program specific to their needs.*

# What You Need to Know About Cloud Computing

*How this 21st century disruption will change casinos forever*

By Azam Husain, Strategic Raving Partner, Analytics and Systems Integration Specialist & CEO, Casino Science

One of the most significant and massively transformative technologies to shape the 20th century was the introduction of the mass-produced automobile. Henry Ford's Model T freed everyday people from the limitations of their geography on a scale never known before. The automobile created immense mobility. It also changed the very nature of commerce, as producers and manufacturers could more efficiently and economically transport their goods to markets across vast distances. It is fair to say that the automobile was *THE* disruptive technology of the early 20th century.

In this century, an equally disruptive change is upon us, a change that will reshape the very fabric of our economy. Cloud computing is altering the way we live and work at an unimaginable speed. It has triggered a sea of change in the way that companies manage and deliver resources and technology to employees and customers. It has radically changed business models and cost structures, while also creating new opportunities. We are at the dawn of a new era – and casinos have an opportunity to play center stage in this new world order.

### **Many casino applications are candidates for a cloud solution**

Cloud computing is computing delivered over the Internet. Rather than using a desktop or a laptop computer with locally installed software or software connected to a corporate server, cloud computing enables users to access similar applications through the Internet. These applications are often referred to as SaaS or Software as a Service. This category of cloud applications delivers the software as an on-demand service and is licensed as a monthly or yearly subscription.

Cloud computing is all around us. Google Apps, WebEx, and Salesforce.com are all examples of software that is delivered in some form over the Internet as part of a subscription model.

SaaS software is popular with corporate IT departments because it reduces cost and simplifies deployment. It is also popular with IT because it can help offload non-mission critical applications while holding costs considerably lower than its on-premise alternatives.

So, what does this new world order look like for casinos?

### **Faster**

Speed matters. With SaaS software, the problems that casinos are trying to solve with software are delivered faster. Unlike on-premise software, SaaS software is set up and deployed by the vendor rather than the customer. If the software needs to be upgraded or customized, the vendor can do this work much faster by relying on web-delivered updates.

### **More Flexible**

SaaS-based services are ideal for casinos that want to grow into new product offerings over time. If a property's needs change, it's much easier to bring new services online. Likewise, if a casino wants to turn off services that it is no longer using, this can be done with relative ease. This type of agility can give a casino a significant advantage over competitors that are struggling with monolithic, on-premise software.

### **Fully Managed**

SaaS solutions don't require the casino to have an IT staff to manage and maintain the software. The SaaS vendor takes care of all of this – software upgrades, security patches, backup/recovery, etc. This means that casinos don't need to invest time and energy in non-core activities, and can instead focus on the business.

### **Lower Cost**

Buying on-premise software requires a fairly significant capital expenditure. In addition to the software license, commonly there are yearly maintenance and support costs (usually 20-25% of the license cost). Typically, an investment in new infrastructure software and hardware to support the on-premise deployment would need to be considered. There will also be initial setup services required to customize the software for the environment. And financially, a property would be required to invest in expensive IT resources to manage and maintain the solution. Over time, these costs can amount to hundreds of thousands of dollars year over year for a single solution.

SaaS software cuts out these costs. Using “pay-as-you-go” subscription pricing, a casino uses only those services that are required. If a property is unsatisfied with the service, it can just end the subscription.

## Lower Risk

Deploying any type of on-premise software can be risky and time-intensive. With SaaS software, the solution is delivered to a customer without changes to internal IT. The project delivers value in the solution much faster and in a more predictable way.

## Challenges and Opportunities for Casinos

Security and data sovereignty are generally the biggest concerns that most operators have when it comes to embracing cloud solutions. And while for certain types of activities these concerns may be warranted, for many applications, including core business applications, SaaS solutions can be more appropriate and cost-effective.

Some points to consider:

- SaaS solutions can be configured in a way that does not use sensitive, personally identifiable information.
- SaaS solutions use sophisticated encryption technologies to secure the transmission and storage of data.
- Cloud providers may provide better security than a casino operator, especially small and mid-sized properties that have small IT departments and resources.

Many casino applications are candidates for a cloud solution. For example, hospitality management, host CRM, and gaming analytics solutions can all be delivered securely over the cloud today. And many casinos have already made significant cloud investments in these areas.


Harrah’s Entertainment (now Caesars) was one of the first commercial casinos to embrace the cloud back in 2008 when they announced a transfer of their internal applications to Salesforce.com. More recently, Live! Casino & Hotel Maryland announced that it was deploying Infor’s cloud-based Hospitality Management solution. Robert Norton, President of Live! Casino & Hotel, stated, “Infor’s HMS will help us provide the ultimate guest experience and improve our overall operations by shifting to the cloud.”

Henry Ford once famously quipped, “If I had asked my customers what they wanted, they would have said a faster horse.” For casinos, that “faster horse” is already here.



*Az is the founder and CEO of Casino Science, an analytics software and consulting company. A self-confessed “data nerd,” Az helps casino operators make sense out of the vast quantity of casino data. Az helps Raving clients extract the right data from casino systems, enabling marketing and player development teams to make data-driven decisions.*

*Az will be a panelist during the session, **Managing PD Metrics**, on Tuesday, July 18, during Raving’s Host Development Conference, July 17-18, 2017, Bally’s Las Vegas. You can also meet Az and the Casino Science team (booth #308) at the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally’s Las Vegas.*



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# How to Evaluate the Effectiveness of Your Hosts' Time on the Phone

*When is using trained callers the right decision?*

By Daniel Wood, Strategic Raving Partner, Phone Based Marketing Solutions and VP of Business Development, Engagex

Do your hosts have quotas for the number of players to engage? Do they make reservations for their players? Do they follow up on VIP special event invites? Should they be doing all of these things?

I recently chatted with Steve Browne, who has been a senior resource in Raving's Leadership and Player Development teams since 1999. He has created and installed more customized player development and sales training programs than any individual or company serving the gaming industry. To put it simply, he knows player development inside and out.

I asked him, "Steve, many people have been confused about the host's role in selling over the phone. How much time should hosts spend on the phone calling players, and are there certain tasks that they should leave to other team members?"

He answered, "I guess the best answer I can give you is ... it depends. There really is no one-size-fits-all metric for how much time a host should spend on the phone. On the phone doing what? Making sales calls? Retention calls? Reactivation calls? Answering inbound requests? Making outbound efforts?"

He continued, "It really depends on several factors, including:

- The host's sales goals and targets
- The make-up of their book of business
- The position model they work under that balances the four strategies of acquisition, retention, growth and reactivation
- The demands and opportunities inherent in the overall database."

"Until you can apply a strategic direction to each one of those variables, the answer will continue to be ... it depends. But one thing I can assure you of is that limiting hosts to the role of making a high volume of telemarketing sales calls to low-value unknown players is a terrible use of your hosts' time. Those types of sales calls are best left to VIP Reps and call centers that are experienced at making generic but personable calls to drive business across all player value segments."

*Here are some questions to ask yourself to help evaluate your host team's calling efforts:*

### **What tools do your hosts have when they are calling guests?**

There are a variety of tools and resources that a PD Manager could provide to the host team to make them more effective:

- Customer Relationship Management (CRM) software
- Point and click telephone dialers that can increase your host team's outbound calling efficiencies, and that can provide tracking and reporting capabilities.
- Consider hands-free headsets. This might sound silly, but the headset is essential to increasing efficiencies when dialing.

### **What is your host team's contact/engagement rate?**

The average engagement rate for outbound calling is around 35%. Depending on what your property considers "player engagement," that number may fluctuate. Here are a few criteria that you might consider:

- Spoke to the guest
- Offered a promotion to the guest
- The guest requested a call back

### **What is your host team's response rate?**

The response rate is the percentage of engaged players who respond to offers or promotions by coming back on-property. The average response rate for outbound calling is around 13%.

### **Are your hosts actively on task with their assignments?**

The industry standard for outbound calling is to make around 15-20 calls per hour. This may be an aggressive goal for your team if you don't have the tools mentioned above, but it is attainable. Measuring calls per hour will help you assess whether your team is on task. Without utilizing a dialing software, it can be very difficult to get to 20 or more dials per hour.

# HOST AND PLAYER DEVELOPMENT

## ***How many players do your hosts engage with per hour? Per day?***

If your hosts are contacting 15 people per hour at a 35% engagement rate, it would be a realistic goal to engage with five players per hour. In a typical 8-hour day, it would be realistic for a host to engage with 40 players per day and 200 per week.

## ***Is my host team handling everything related to a positive guest experience? Should some of their tasks be handled by other departments?***

There are a lot of generic calls from guests or other departments within the property that could be handled by other trained callers. When referring to hours of operation or current promotions for the average guest, a well-trained caller can field these calls while passing along the higher valued players to the host or VIP team.

## ***Am I asking too much from my hosts?***

Using the metrics and standards outlined above, you can set realistic, attainable goals for the number of calls to make each day, the number of players to engage with, and the response. You don't want to miss out on opportunities because your hosts are stressed or fatigued.

## **Back to the original question: trained callers or your hosts?**

Consider utilizing trained callers to handle your everyday promotional call questions, monthly promotional details, event invitations, as well as Event RSVP. Having these callers reach out to new sign-ups and declining players, as well as inviting inactive players with a personalized invitation to come back, is a good option.

If you don't know the answers to some of these questions, or you struggle to know where to begin, you aren't alone. I recently spoke to a casino executive who expressed concerns with each of these areas. At the end of the conversation, the overwhelming desire was to maximize the efficiency and effectiveness of the host team, but also the entire player development staff. It was clear that despite everyone's best efforts to stay on top of the calling while still providing a great guest experience, a lot of things were failing or completely out of whack!

My comment to him was that he was not alone; every casino executive has experienced the same frustrations of trying to find the right balance. Sometimes every property or department needs a good gut check.

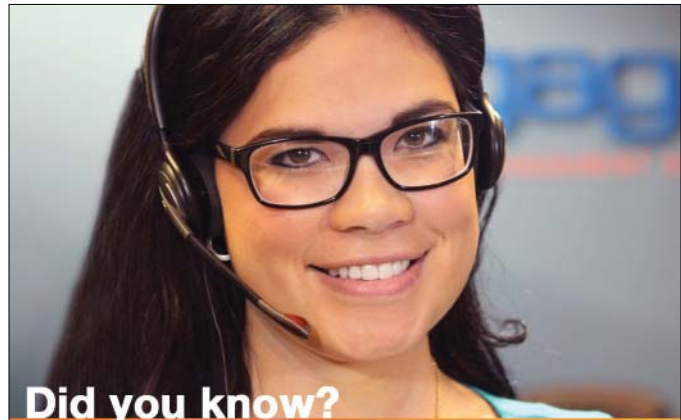
Going back to my good friend Steve's comment about hosts spending too much time on the phone: "I guess the best answer I can give you is ... it depends. There really is no one-size-fits-all metric for how much time a host should spend on the phone."

What I can tell you is that there are ways to evaluate it. Some strategies need a few tweaks, others may need a complete overhaul or even a complete rebuild. Whatever your need is, Steve and I are always around and available. Feel free to reach out; we'd love to chat!



*Daniel works with casinos to show how personalized phone calls have the power to increase their players' ADT, win back inactive players, and drive same-month revenue when used to deliver a promotional offer. He assists Raving clients in engaging with several tiers of guests to create repeat business, greater retention, and higher guest lifetime value through the phone.*

*Meet Daniel and the Engagex team (booth #207) at the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas.*



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## How to Design Happiness (Part II)

### *Focus on the Actual Experience*

By John Stewart, Strategic Raving Partner and Owner/CEO/President at Encompass Develop, Design & Construct, LLC

Have you ever had an amazing experience, but couldn't quite put your finger on what it was that made it so special? You may remember the obvious things, like an exceptional meal, superior service or beautiful scenery, but what was it that made this experience stand out among all of the others? Come to find out; there is a certain science to designing a happy experience. Dissected into three phases – anticipation, the experience itself, and memory, we now have the basic recipe for happiness. In [Part I of this article](#), we discussed how to build on customers' anticipation to pave the journey to happy. In Part II, we will explore ways to enhance the customer experience in the actual moment.

### **An Engaged Player Is a Happy Player**

Staying present, focused and engaged may sound like advice best dispensed in the yoga studio, but it is just as applicable when talking about customer experience. Our minds are constantly tempted to wander, easily distracted by sights, sounds, and smells, but studies have shown that a customer who is fully engaged and immersed in whatever they are doing, are enjoying happier experiences. So how can we ensure the maximum engagement and interaction?

Heat maps tell us where to place games on your floor. We know which games are cranking. We know who is playing the games. There is much to be said about the draw of brilliant game design, but could there be other, subconscious factors at play? Data tells us a lot about the customer's gaming preferences and habits, but when we compare this data to the environment where the games are played, we gain even further understanding as to what contributed to customer engagement. What color are the walls in the area where games are "hot?" How high are the ceilings? Is it a more private space or open? For example, data has shown that skilled-based games do best when set in a designated area for gamers.

We want to provide the best experience for our players, and we now have the tools available to tell us precisely what that is, even when our customers aren't necessarily conscious of it. Data, when used correctly, tells a detailed story of our customer that can give us insightful information when approaching design. Helen Keller said, "The best and most beautiful things in the world cannot be seen or even touched – they must be felt with the heart." I believe that we, as architects, have neglected this sixth sense when

approaching design, but that data may be just the tool we need to help unlock it and enhance engagement (see my article on [designing for the senses](#)).

### **So Little Choices, Oh So Happy**

There was a time when offering endless options to your customer was the only way to go; think the extensive, twelve-page Cheesecake Factory menu or the 27 varieties of Crest on the shelves at your local supermarket. It's easy to point out the absurdity of this choice-overload from these examples, but the truth is, we humans think we want it and are subconsciously drawn toward more choice.

However, research over the last 10-15 years has unveiled that as the number of options increases, the level of certainty people have about their choices decreases. And the anticipation that they will regret their choice increases. This "Paradox of Choice," as coined by psychologist Barry Schwartz ([www.ted.com/talks/barry\\_schwartz\\_on\\_the\\_paradox\\_of\\_choice](http://www.ted.com/talks/barry_schwartz_on_the_paradox_of_choice)), causes stress-inducing anxiety as the pressure of making the "right" choice creates a decision-making paralysis. On the other hand, by limiting the number of options offered to consumers, studies show they are not only more likely to make a purchase, but more satisfied with their choice and therefore more likely to purchase again. So the key is to focus choice, but in a way that does not feel limiting to your customer.

Think of this in terms of your property's restaurants. Yes, you want to offer a select variety of cuisines, both quick service and sit-down, but you also want to give constraints by limiting the number of menu items at each concept. Offering a small variety of distinct restaurants with limited, non-similar menu items will leave the diner feeling confident and satisfied with their choice. You can't be all things to all people, so embrace the uniqueness of what your property has to offer and build a distinction in your brand around that uniqueness.

Placement of these restaurants is also important in limiting choice. You don't want your players spending time agonizing over which restaurant to choose. Placing your restaurants in strategically located pockets helps decrease the "where should I eat?" paralysis. The data can help here too in discovering the dining trends with different players. If you plan on opening a new concept, survey your customers



and look at the data. You may think you know what they want, but often a simple survey can be the difference of a failed concept and a success. It's about giving direction and personalized constraints based on research and data, easing that decision-making stress and ultimately giving a happier experience.

## I'm Kind of a Big Deal

It's nothing new to say that people love feeling special or superior. This is one of the things the gaming industry does best, after all. In terms of designing happy though, what is it that makes a person feel special? We may not like to admit it, but the truth is we are all biologically hard-wired to strive for superiority within social settings.

Soul Cycle, the indoor cycle phenomenon, uses this psychology quite well. Their entrance and class times are designed so that there is an exchange between the people coming in for a new class and the people who have just finished a class. For the fresh-faced incoming group, it is motivation, a glimpse of the reward. For the exercised, sweaty group, it serves as validation of their efforts and a feeling of accomplishment – superiority.

This interaction between the validated and the motivated has design applications all over in a casino and hotel setting; from the placement of VIP areas to spa entrances and aspirational balconies. Encompass also knew this when designing the Mansion for Churchill Downs, an exclusive, invitation-only entertainment lounge for the elite. Although the entrance to the venue is hidden, the balconies are located in plain view, so that even those on Millionaires Row have something to which to aspire.

Ralph Waldo Emerson said, "The field cannot be seen from within the field," but that is exactly what we have been doing for years in the gaming industry; we stand in the casino and ask ourselves how it can be improved. So instead, let's look at it from a different view. By looking at data and psychology, we find that those spaces and services that encourage interaction are those that retain player engagement. Using knowledge of human interaction to create great Experiences that will drive Anticipation and create Memories will have everyone sharing it! They will have experienced a true "Design for Happiness."

Catch Part III on Creating Memories in the October issue of Raving's Solutions Magazine!



*John is an award winning registered architect, licensed contractor, and licensed authority in the gaming industry across the country. John's experience includes project development in industries including gaming and hospitality, restaurant and food service, retail, healthcare, religious, and manufacturing.*





# Truly Connect with Your Players on Their Mobile Devices

*How to create a specific strategy and executed tactics to connect to your target audience*

By Mark Astone, Strategic Raving Partner, Branding, Advertising and Media Services and CEO, Catalyst Marketing Company

The phenomenal growth of mobile usage offers tremendous opportunity for gaming operations to stay *connected* to their players when they are outside the casino's walls. The key word here is "connected." If you are simply posting "ads" for your concert, promotion or buffet special, and the viewer glosses over it, you haven't made a connection or *engaged* that person. You are missing an opportunity to strengthen the relationship between your casino and your players and potential players.

The digital experiences that your target audience has with your casino need to be exceptional – through all digital touchpoints, but especially *mobile*. In 2017, adults in the US spend 33% more time on mobile and with apps than they did in 2013. That's an average of three hours and 17 minutes per day on mobile<sup>1</sup>. From checking email to time spent on Facebook and other social platforms, news outlets, shopping, blogs and online games, people are on their smartphones many times throughout the day. For example, 79% of Internet users ages 56-67 check their messages before leaving for work in the morning<sup>2</sup>.

Your players (like you) are bombarded with ads and messages from every business-product-service that we have shown interest in on the Interweb.

**So how do you make sure that digital communication from your casino stands out, is sought out by your target audience online?**

The key ingredient is the content. *How* you communicate your message is more important on mobile than *what* your message is. Here's an example that may provide you with practical ideas that you can use to change your mobile strategy from straightforward advertising to a real engagement effort:

**Casino A** has a concert coming up and wants to sell tickets, of course. Their ad agency creates an ad with a picture, date, time, etc., and this ad is used for print, website, in-house signage, and a digital ad campaign. It's all branded, consistent and done well. Let's say that the concert is the Rolling Stones, so tickets sell out, and you've

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also reinforced your position in the market as the place with the best entertainment ... great! But all that doesn't engage your players and potential players through their digital universe.

Casino B is also selling tickets to a concert. In order to connect to and engage people where they spend the most time – on their phones – the following digital marketing efforts are executed:

- Video greeting from a band member inviting people to come to the show.
- Links to the band's videos and articles are used as curated content.
- Online contests to win tickets to the show, and people post pictures of themselves in the band's T-shirt or answer trivia questions.
- Time-lapse video is shown of your venue being set up for the show.
- Behind-the-scenes video and photos are posted to bring the guest "inside" what's going on.
- Interview with the chef talking about preparing items from the contract rider and showing the green room set-up.
- Sweeping video of the crowd during the show as they are on their feet dancing and singing all the words to a song.
- Out-the-door interviews of people heading to the casino after the show, still aglow in the excitement.
- Next-morning videos over coffee of guests who stayed in the hotel, talking about how it was the best night ever.
- Candid photos posted over the next few days with fun facts about how much beer was consumed or who won the big blackjack hand that night.

In this example, both casinos sold their tickets and had good nights on the floor. But Casino B maximized player engagement by digitally connecting to people countless times, getting them involved in the event and drawing them in with content that evoked an emotional reaction of some kind – from nostalgia to amusement to excitement to "wish-I-was-there-that-looks-like-a-blast."

Casino B created a specific strategy and executed tactics to *connect* to their target audience. They touched their audience on the sites where they spend time, from Facebook to news and weather outlets to retail sites. Their messaging strategy required time and resources in order to make a deeper impact, cut through the online chaos, and engage with people over and over again for this show. There's no doubt that Casino B's digital community is strong and yields goodwill, more visits, even brand advocacy.



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It takes a shift in resources and, most of all, *thinking* to touch and connect with your players and potential players on mobile, because they are more distracted and have more options than ever before. But what you are saying to your audience is, "We know you – you are part of our family – engage with us. We are spending time with you when you are not at our property."

Good luck, and as always – have fun with it!



*Mark has spent many years studying and working within the casino industry, and understands what it takes to drive gamers to increase a casino's bottom line. Raving has partnered with Mark and his team at Catalyst to help our clients with solutions for branding, advertising and media services.*

*Meet Mark and the rest of the Catalyst team (booth #210) at the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas. Mark is a panelist during the session, **Advanced Email Strategies and Tactics for Casino Properties**, on Wednesday, July 19, 3:00 PM – 3:45 PM.*

<sup>1</sup> eMarketer, September 2016 "Average Time Spent per Day with Major Media by US Adults, 2013 & 2017"

<sup>2</sup> Adestra, 2016 Consumer Adoption & Usage Study conducted by Flagship Research

# Revealing Information About Casino Entertainment

*Where does your property fit in?*

By Kell Houston, Senior Raving Partner, Gaming Entertainment

In [Raving's 1st Annual Indian Gaming National Marketing Survey](#), I noticed some very revealing information about entertainment:

- **83% of casinos have regular live entertainment, with almost half offering it only on weekends.**
- **44% of casinos report that their entertainment programs are losing money.**
- **38% are breaking even.**
- **11% are profitable.**
- **7% are not sure how their programs are performing (excludes gaming revenue from comped tickets).**

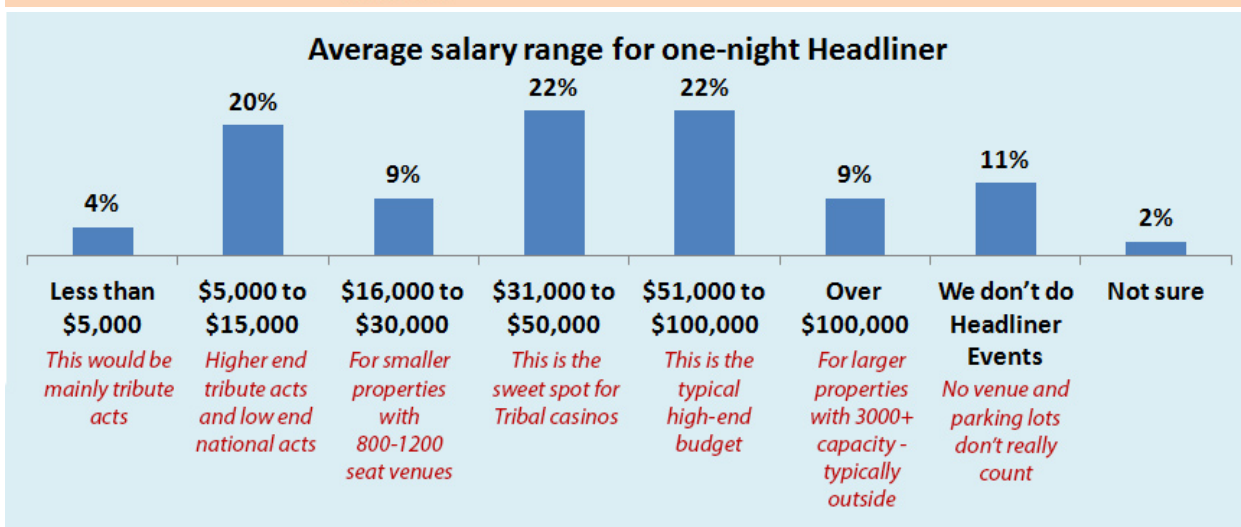
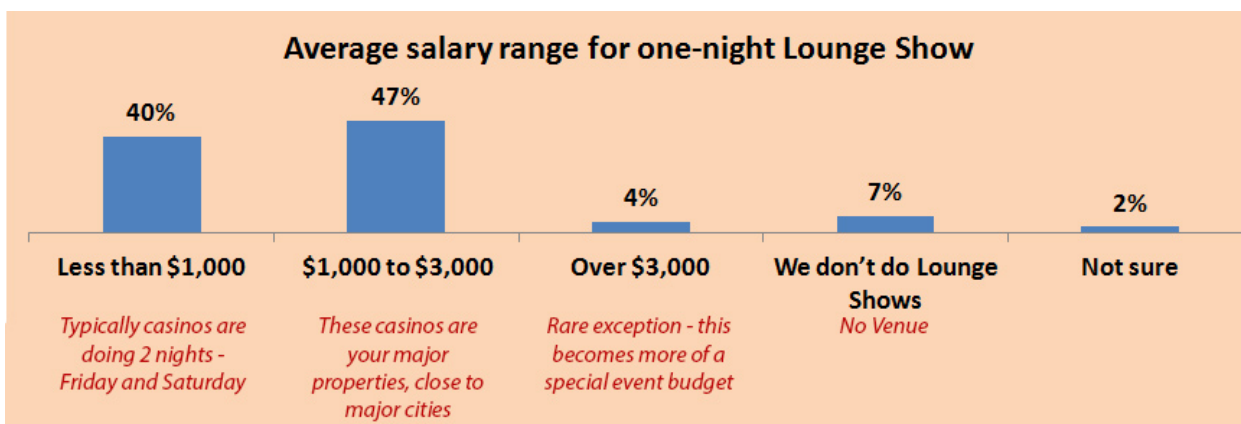
First of all, a casino without entertainment would be a very boring place, and most of your customers would find another place to visit. Casinos today are the center point in secondary

and tertiary markets, as the place to go for an evening out.

## How Tribal casino entertainment has changed

So, let's take a look back at what our history is with Tribal gaming. Remember "If you build it, they will come"? And they did! The first Tribal casinos were packed. Everyone was making money. Just the fact that you could now have Las Vegas style gaming in your backyard was exciting.

These casinos needed entertainment, which resurrected the careers of every 60's and 70's band that ever existed. All of a sudden, these bands were back in business. Tribal gaming was mimicking Las Vegas, and the Las Vegas motto was "supply free entertainment, inexpensive rooms and cheap food, because this is the gaming business. We want our customers on the gaming floor."



Now fast forward to today. Those customers and those bands are aging out, very rapidly. Casinos are chasing after the younger customer. What's going on now with entertainment?

**Let's first consider the survey info on the previous page, breaking down entertainment (see my added notes in red):**

### **Why are casinos losing money on their entertainment?**

- Are they only counting the door revenue for tickets?
- Are they trying to save money by cutting the budget and bringing in low quality bands?
- Are they not considering Food & Beverage revenues?
- What about the incremental revenue created on the floor?
- Is your casino entertainment stale and boring?

The intangible point here is that today's customer is more educated about music and the quality of that music. Your younger customer wants something different, sometimes more contemporary. The entertainment you provide must reflect the quality of your brand. Are you thinking that you are saving money with lesser quality entertainment, only to be losing customers and gaining a poor reputation?

It's no longer a world where you can find any old act and bring them in with the expectation that you will attract customers and build your Players Club base.

### **Why revenue from ticket sales isn't your goal**

Consider what you have to work with, the size and capacities of your own property entertainment venues. Then you can realistically build an entertainment program that will fit your needs and the needs of your customer. Your entertainment is meant to drive your gaming and casino business. Casinos are not concert promoters. You will very seldom make enough money off of your ticket sales to actually pay for your concert or event. *The point is, and always has been, to drive more customers to your property, and entertainment is one distinguishing factor in that puzzle.* So make sure that you are looking at all your departments, and study what revenue bumps you get when you have a concert or an event. Each department has to share and understand that the revenue created is an overall process, not just an individual department process.

### **Is it time to shake things up?**

My personal observation would be that if your entertainment program isn't working, get out and around

to your competition and the other music venues in your area. How are they doing? What are they doing?

Researching, buying and booking entertainment is not a casual job anymore. Prices can vary by up to 300%, depending on who is inquiring. This goes for lounge entertainment, as well as concert acts. The person or department responsible for bringing in your entertainment has to really grasp all the nuances of lounge entertainment, special events and concerts.

You get what you pay for, and quality groups cost money. Wouldn't you rather spend a little extra money to create a unique and exciting entertainment program, both in your lounge and in your showroom? Are you really saving money when you sacrifice your casino brand? Too many casino people are too busy looking for ways to save money, and they are not realizing the old saying – "You have to spend money to make money." Now I am not saying that you need to throw money at the wall and hope it sticks. I am saying to spend money in a way that builds and develops your business and your customer base.

Also, it takes some effort, but you need to put together a plan to build your other days of the week. You need to educate your customer. There are plenty of casino properties doing Thursdays and Sundays. What about your retired customers? They need something to do during the week and during the day. They dislike weekends, and they do not like to drive at night.

The bottom line is that casino business today is operating more on how to cut corners and save money. Everyone is concerned about their jobs. The reality is that we are becoming complacent. We are choosing the "same old, same old" way of doing things. It's time to shake things up a bit and try new programs and ideas. Allow those ideas to succeed or fail, but at least try some new approaches.



*Kell has a savvy gaming approach to utilizing entertainment as a tool to drive folks to the casino floor, which makes him a perfect fit for Raving clients. Kell is the Owner/President of Houston Productions, with offices in Las Vegas, Minneapolis, Seattle & Vancouver, BC.*

Meet Kell at the Raving booth #306 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas.

# How Knowing Your Competition Can Help You Improve Your Own Casino

*My mama told me, you better shop around ...*

By Janet Hawk, Raving Partner, Player Development and Marketing

It's true! Knowing what your competition is doing is a great tool for improving your own business. I'm not just talking about going on their website or looking at their ads in the local paper, either. While that is a good place to start, by digging a bit deeper, you will eventually learn what is good and bad in your own business. "Shopping" your competition involves you experiencing the property from the point of view of a guest, not a casino employee. Experiencing their level of service in person and learning their strengths and weaknesses will help you make the guest experience for your players better. It is also important to shop yourself! Guest service is the key to success! That is the one place you can really make a difference with the people who visit your casino. So many times, a guest will have a bad experience and not tell any team member who may be able to assist. However, they WILL tell all of their friends, or post their displeasure online.

One casino I worked at really took guest service seriously. They developed a complete training program that every employee was required to complete. It took nearly 18 months to complete the initial training. Moving forward, all new employees completed the training before they started their new job. In another project, they selected 25 of the best employees from all areas of the casino and gave them a collective mission to shop all the casinos in our area and report the findings. The executive team gave the basic outline of information that they were looking for, a timeline, and importantly, a substantial budget to support the project. That was all the direction given by the executive team. The committee was given the leverage to come up with the how, when and where of the project.

The ultimate goal of this project was to improve our product. So the committee chose to experience the other properties as customers: to see the properties as customers do, a true secret shopper experience. This meant that we had to shut off the "I work in a casino" part of our brains. We were asked to look at all aspects, both good and bad, comparing all areas so that we could find where our casino did well and where we could improve.

Before we hit the streets, we held several meetings to develop a collective strategy, which included breaking the large group into seven subcommittees in order to quickly cover more territory. We also developed a rather detailed checklist for reporting purposes. We needed each team's

report to be consistent in order to combine all findings for the executive team's final report, as well as keep track of all receipts that were required for the final report and audit.

When shopping, you need to look at the whole guest experience, from the initial contact through departure. No matter the size of the property, you can still use the same principles. With larger properties, you will have more opportunities to be "touched" by the staff. Keep in mind that this is not an exercise in tearing down your competition. It is a way to improve the guest experience for YOUR guests.

### A few tips:

- This is a great way to reward your best team members and include them in improving your guest service experience! In the example above, our budget paid for everything we did that had to do with the project, including gambling. Again, by being very diligent about what was spent on what, only a certain amount was earmarked for gambling. The executive team even decided that the committee members could keep whatever was won during the project! Being part of a team like this gives your best employees a sense of ownership and pride about being part of the process. They will then become your leaders and teachers on the floor.
- Make sure that there is a consistent and detailed way to evaluate each area. Consistency in the reporting will help the observations make sense. The overall analysis of the findings will be made clear by having a detailed checklist that everyone uses.
- Don't just observe, but engage! It's easy to just sit back and observe, but you have to engage to really experience what your guests are seeing, hearing, and feeling. Talk with the staff, call the operator, ask questions, engage!
- Follow up! What will you do with all this new knowledge? How can you use this information to improve your product for your guests? After all, that was the goal!

For instance, empower your frontline employees to take care of common issues that can be resolved quickly:

- A front desk clerk shouldn't have to call a supervisor for every little complaint. Create a dispute resolution program with detailed recommendations of solutions, starting from the initial contact. For instance, let's say a guest's order wasn't right in one of your restaurants. Give the wait staff power to comp it! While they will probably take the order back to be corrected (I hope!), it doesn't eliminate the fact that the guest has to wait for the problem to be solved. So, comp it!
- Was a guest's room not ready? Give your front desk staff the ability to problem solve! Either by offering a different room, or possibly an upgrade at no charge. How about a few bucks off the room, or a comp to the restaurant of the guest's choosing?
- During your shopping, did you have a great experience with a department or team member? Well, give kudos for a job well done! If you catch someone doing something good, write a note and mention them by name.

And finally, a few things that I still see consistently in my travels that just need to stop!

- Poor WiFi signal – we all have devices, and to have a weak signal is frustrating, especially when we are paying those additional “fees” for our rooms!
- Poor or no signage and information, both on the floor and in the room.
  - Include a map of your property in the rooms, along with menus for your restaurants.
- Directional signage needs to start from the moment the guests drive on to your property. Please pay attention to the parking garage! Make the signs big and noticeable!
- Only one electrical outlet in the bathroom – REALLY?! Between electric toothbrushes, curling irons, blow dryers, electric shavers ... come on!
- Coffee pot in the bathroom – well, first of all, EW! Secondly, see my complaint above.

- Guest service slackers:
  - Employees who either only explain how to get somewhere, or merely point. Go the extra step and walk with the guest, or get someone else to walk them where they need to go.
  - Employees who respond to a complaint with “I know” or “I’m sorry,” then do nothing to make it right. I recently stayed at a casino hotel, and there was a loud, drunken argument next door at 1 a.m. I tried to call the front desk, but it just rang and rang. So I called the operator, only to find that the phone didn't work. I could hear them, but they couldn't hear me. I needed to be up at 2:30 a.m. for a flight, so I just gave up and decided to talk to the front desk upon checkout. The response of the front desk clerk? “I’m sorry,” then she handed me my receipt and said goodbye.
  - If a guest needs something, don't make them come get it, take it to them! For instance, maybe a guest in your hotel needs additional toiletries, coffee, or forgot their toothbrush. Have someone immediately take it to their room. Don't make them come get it!

By paying attention to details and learning your competitor's strengths and weaknesses, you can improve your product substantially, and really create a wonderful guest service experience for your guests!



*Janet provides Raving clients with continued support and training in the practical skills of marketing, promotions, special events, entertainment, hotel, table games and player development.*

Meet Janet at [Raving's Host Development Conference](#), July 17-18, 2017, Bally's Las Vegas. Janet will be presenting the session, **The Top 10 Issues Hosts Tell Us They Have and What You Can Do About Them**, with Steve Browne, President, Raving Service, on Tuesday, July 18, 8:30 AM – 9:15 AM.

# Strategies of “Right” Pricing Your Slot Floor

## *Understanding pricing structure and customer engagement*

By Kevin Parker and Andrea McCurry, Raving Partners, Casino Operations and Technology

I don't know about you, but one of my least favorite chores is visiting the grocery store. Before you even get through the front door, you are accosted by adorable little girls or boys fundraising for this cause or that, and who can say no, right?

Then once through the sliding glass doors, the store is undoubtedly overcrowded with hurried moms, the retired couple who wants to discuss every item before checking it off the list, the social club (you know, the folks who group together to chat about the weather or the lack of shaded parking while blocking the aisles so you cannot pass), and then there is me, the one who just wants to get in and get out, all the while praying that I don't forget anything on the list and have to return.

AAAAHHHH, the list, I forgot the list, leaving me no alternative but to walk up and down every aisle in the store to find the products that I had dutifully listed on a note pad, lonely on my kitchen counter. During this particular trek through the store, I find myself intrigued by the product placement strategy that the store has chosen to utilize as a part of its pricing scheme. While perusing the aisles, I begin to realize that casinos and grocery stores are not all that different with product placement strategies and how they choose to engage their customers.

### **Let's examine the similarities between slot floors and grocery stores as they relate to pricing structure and customer engagement.**

When considering how the pricing of a slot floor should be set and maintained, there are three essential questions that slot operators must address:

- What am I trying to achieve?
- What is the objective of setting an overall pricing model?
- How do the variable pricing models of different products fit in to this scheme when looking at the bigger picture?

Answering these questions is important because how you price a slot floor is critical and will have a direct impact on the success of the business. (And for those of you not from the slot floor world, when we refer to “pricing of your slot floor” – “pricing” is another word for by game hold percentage).

**Pricing strategy and the variables surrounding it can be complex; the four golden rules of pricing are straightforward:**

1. **The pricing must cover costs.** This includes the cost of the product, infrastructure and staffing.
2. **The best and most efficient way of offering a lower price point is to lower costs.** Always look for innovative options that offer cost-effective alternatives to traditional platforms. An example of offering an innovative option at a lower price point could be offering a class II wide area progressive in the place of a class III wide area progressive. The customer will still be offered the chance at a life-changing jackpot, but the cost to offer that jackpot will cost the casino far less in revenue share fees and taxes to the local and state governments, while still making it an option for the guest.
3. **Prices must be established to guarantee play.** Don't set pricing based on the needs of meeting the budget numbers alone; the pricing must be attractive to the customers you are targeting. Knowing your customer base and their constraints, whether it be budget or time, can allow you to set game offerings that will foster play. When configuring a game, rather than setting the minimum line as 250 on a 250-line game, offer lower line bets like 100, 150, and 200; those lower line selections may speak to those customers with budgetary constraints.
4. **Perceived value from the point of the player.** The player must feel like they received commensurate value for the monies they are wagering. Perceived value will be different from one player to the next, so this also goes back to knowing your player base, offering a variety of gaming experiences, and correctly marketing those experiences. Some players will come in and want to chase a multi-million dollar jackpot with little regard for the amount they are spending, and others will come in on a small budget and seek entertainment, not necessarily looking to win, but just to have a good time and burn a few hours. The games you offer should range in volatility to satisfy the million-dollar jackpot chaser, the customer looking to burn some time, and all of those in between.



# SLOT DEPARTMENT ANALYSIS

There are many different strategies to consider if the end goal is to optimize the pricing structure. Here are five strategies to consider:

## Slot Segmentation

If you have ever taken a child shopping, you are well aware that products appealing to kids are located from the floor to cart level, specifically positioned at the relative height of a demanding and insistent three-year-old sitting in the little seat attached to the cart. This price adapting technique is known as segmentation. On the slot floor, we use segmentation around venues that offer unique experiences for customers, or in high traffic areas of the casino. Walk the floor of your main competitors and see if you can see this strategy in practice. Oftentimes, operators do not fully understand that they are instituting this strategy, or the basis behind their motive for using this option.

## Premium Pricing

Quite honestly, given that segmentation is the basis of much of our slot marketing strategy, it is reasonable to expect segmentation to strongly influence pricing. One can ask for and receive cost plus pricing for specific products on the slot floor. Cost plus pricing guarantees that all costs, both fixed and variable, are covered and that the desired profit percentage is achieved. Typically, more customers will be introduced to a centrally positioned game, based on nothing more than the location. Any number of these customers will sit and play this game because it's easily accessible and marginally appealing. When we place popular games in premium areas, we really hit a home run! In other words, prices may be adapted to meet the most basic desires of our customers based on that old real estate adage, "location, location, location"!

## Discount Pricing

Price adaptation can also be utilized as a discount tool. Lowering hold percentages on games in low traffic or environmentally challenged areas, offers strong incentives to draw players into your casino looking for a value. We can also create discounting through incentives in the form of free play or point play. As operators, we should strategically offer these incentives on lower volume days or to different groups of players that we are striving to attract (bus patrons, senior groups and off-peak travelers). Remember to be careful with these tools, as those paying full price may perceive price adaptation negatively.

## Differentiated Pricing Strategy

Both premium and discount placement are powerful tools for casinos, and can be marketed by utilizing a form of differentiated pricing. Depending on the portion of your player base doing the purchasing, you can charge a different hold percentage based on perceived differences between not only your product and a competitor's, but the different products on your own floor. This is why you can offer similar games for a certain amount in one area of your casino, but at a higher price point in a high traffic location.

## Price Skimming

Price skimming is the practice of charging the highest possible price for a given product. A great example of this is a wide area product that offers life-changing jackpots. The larger the jackpot, the higher the price that customers are willing to pay. While charging a price premium, it is important that the pricing is seen as fair, as opposed to gouging, in the eyes of your consumers. We need to remember that only a small portion of our floor can be dedicated to games of this nature, and the game will target only a small portion of the available player pool. This game will be perceived as "exclusive" in nature to the majority of players, and offers unique marketing opportunities in itself.

If you doubt product placement strategies, answer us this ... do the checkout stands at the supermarket affect you the same way that they do us? We can't help but notice all the products they place for us, the captive customer, to peruse while we are just standing there near the checkout stand. This technique is to create impulse purchases that you wouldn't normally make. In the casino world: by placing your exclusive premium product near a major exit, you can make additional revenue that would otherwise have left your facility. If you doubt that this technique works, check the junk drawer in your kitchen and see how many super glue tubes, Sharpie markers, lip balms, PEZ dispensers, BBQ lighters, and sewing kits you have. Yup, impulse buys!



*Kevin and Andrea are Raving's experts when it comes to casino operations, technology and regulations. They have partnered together for the last 15 years specifically opening new casinos, rehabilitating*

*existing properties, and developing new technology to enhance player experience.*

*Meet Kevin and Andrea at the Raving booth #306 during the [Casino Marketing & Technology Conference](#), July 18-20, 2017, Bally's Las Vegas.*

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# Dennis' *Vintage*, Sure-Fire, Personal Casino Promotions (Part I of IV)

By Dennis Conrad, President & Chief Strategist, Raving Consulting Company

I'm known as a "Casino Promotions guy" and much of that stems from the early days of my casino marketing career (circa 1980s and 1990s) when I had the rare opportunity (and executive support) to try just about any casino promotions that had a reasonable chance to drive casino revenue.

As I look back on those times, I realize how little I knew about marketing, but at the same time I realize that if you can make it fun, be creative and appeal to real gamblers, then a casino promotion can work in any era with any generation.

For the next several issues of the Solutions Magazine, I am going to share a detailed look at 12 of the vintage promotions that I conceived and executed in my early career. All of them were very successful, except one which would have been, if we had anticipated how people might scam it. Because they did.

I believe that any of my Vintage Casino Promotions would work in the casinos of today if a few key details were paid attention to and if a few tweaks were made. Hey, good marketing ideas are timeless!

Enjoy Dennis' Vintage Sure-Fire Personal Casino Promotions. I'd be glad to hear what you think of them or have you share some of your own.



*Category*: TABLE GAME PROMOTION

*Name*: "CAPTAIN CASINO" TABLE GAME INSTRUCTION

**Description:** "Captain Casino" was a "Learn How To Play The Tables" daily lesson program featuring a themed character ("the Ship Captain") with a daily lesson schedule that taught new players how to play blackjack, craps, roulette, baccarat, pai gow poker and poker. Lessons lasted for 30 minutes to one hour (depending on the complexity of the game) and took place in a prominent area in table games (a closed game), and after the lesson, each game was opened for live casino play and the "students" were allowed to play for 1 hour at greatly reduced minimums to "get their feet wet."

The Captain Casino lesson program was promoted internally with prominent signage in the table game area, on the outdoor marquee, and in overhead PBX announcements. Students were given Captain Casino's business card and asked to contact him/her for future property reservations. The "drop" from the students' table game buy-ins after the lessons was kept to provide some measure of revenue generation from the program.

Captain Casino may have been my most fun job of all time and it helped serve as a springboard to my whole marketing career. The concept was simple: teach new table game players how to play the various, and sometimes intimidating, table games that a casino offers. In the intervening decades, I have seen countless examples of table game instruction programs, most of which fall short of creating real value for the casino and the new table game players.

**Dennis' Take:** I think we can agree that de-mystifying the often intimidating table games is a good idea and can create new customers (especially millennials, who show an affinity for tables). And these new players will remember and reward the casino that first showed them the ropes. So from my decades of experience, here are my tips for creating your own Captain Casino table game instruction program:

- It is essential to have the instructor be skilled and have a real personality, part teacher and part showman. DO NOT take any old table game dealers and expect them to execute this well.

## CASINO PROMOTIONS

- Do not try to do this on the cheap. The ability to instruct and motivate new table game players is a real skill. Those that can do it well should be paid well, perhaps the equivalent of a table game floorperson.
- Theming the position (a la Captain Casino) is not essential, but can work well if it fits with your property's brand or theme.
- Find ways to measure the success of your table game instruction program – table game drop after the lessons, new players club signups and tracked play coded to the lesson program, even return trips and room reservations made by the new players, are all valid measurements. And letters from delighted students to the 'powers that be' count as well as a guest satisfaction measure.
- Teaching new players the game will quickly lose value if the regular casino dealers that follow the lessons are not patient or friendly. I had a certain amount of frustration as Captain Casino when I would get the new players all excited about having learned a new game, only to turn them over to a disinterested, or worse, a snarly dealer.
- Make sure you give the table game students information that is mathematically sound, not just enough knowledge where they just barely are able to get in action, and then hang themselves making bad bets, or having a lousy basic game strategy. Being straight with these players will breed confidence and loyalty and make them "feel smart." They will still bet the way they want to anyway, no matter how mathematically inefficient it may be.

Table games run the gamut from the very simple (Casino War) to the very complex (Craps). But it is not rocket science to know that teaching players how to play your table games will give your casino goers more cash registers at which to spend their gambling dollars.



*Category* : VIP PROMOTION

*Name* : EXECUTIVE INVITATIONAL

**Description:** The Executive Invitational pairs VIP casino players with casino executives, to create "teams" that participate in a combination slot and blackjack tournament (Note: the event could be just a slot tournament but the game variety makes it more interesting and appealing). The VIPs and the casino executive "team captain" are each required to participate in two 10-minute slot tournament rounds and one 20 hand round of a blackjack tournament, creating a total team score. Prizes are awarded to the VIPs (not the casino executive!) of the top scoring teams and the prizes can be cash or merchandise. The Executive Invitational can take place over two or three days, and besides the gaming tournament rounds, it can include a Welcome Party where the VIPs meet their casino executive captain and fellow VIP team members, and a Closing Party where the prizes are awarded and stories are shared. A wide variety of casino property executives can be invited to participate, but they need to make a commitment as a team captain and VIP "host" to be in attendance for all significant aspects of the event.

**Dennis' Take:** The Executive Invitational is the single most successful casino promotion I was ever involved in, and some casino properties have been conducting it, in some variation, for decades now. It all started with my belief that most casino executives had many personal relationships with VIP casino players. Wouldn't it be great to tap into those relationships to draw those players to the casino and hang out with their casino executive "buddy?" Of course!

Once we settled on the right activity for this "team activity" (duh, gambling!), the event became a home run (actually the first Executive Invitational was a golf tournament and that's a whole other sad story). VIP players certainly gamble and not so surprisingly, so do many casino executives. So the whole concept taps into one of their favorite things to do – gamble – which is even more fun when gambling TOGETHER.

The Executive Invitational works, in my opinion, because of the involvement of the participating executives. The VIPs view these muckety mucks as "rock stars" and really appreciate them taking time out of their personal lives to host them. In addition, the following are important to have a successful Executive Invitational:

# CASINO PROMOTIONS

- Involve ALL of your casino property executives in the event, especially the back of house execs like the VIP of Finance. Some of these honchos NEVER spend time with customers, and after some awkward moments, they will appreciate it and enjoy it.
- Make sure the GM is on board and openly supportive (and participates!). The GM's support will help to magically get the involvement of EVERYONE ELSE.
- At the "Meet your Team" opening night reception, pick an activity that lends itself to interaction with guests, not to executives hanging out with each other. Karaoke worked for us, guest and executive categories.
- Don't obsess over the rules of the gaming competitions, although you do need to keep score. We always had a format where any team member could substitute in a tournament session for any other team member (especially in blackjack, where some VIP slot players just didn't want to play and look foolish) and where a team was not punished for one of their team missing a session (think about 'Average Session Score' as a basis for determining winning teams).
- Give your teams funny team names that bond them together (mine was always 'Dennis' Menaces') and team T-shirts and other identifiers add to the fun.
- If you do a combination slots/blackjack Executive Invitational, find a scoring mechanism that roughly makes the slot and blackjack scores relatively in the same range, so one activity does not have a much greater value than the other (this is hard, but important). We used to multiply the blackjack score totals by 10 to approximate an average slot round score, although average blackjack scores still could have wide variances.
- Be sure to thank all of the participating executives after the event and make sure they each individually thank the VIPs that they hosted on their teams. Sometimes you will have to do it for them, but the great and engaged execs will do it on their own.
- Leave plenty of time for the VIPs to do their normal gambling on the floor, after all, this is why you ultimately have the event. This is also why you will want to stretch the event to two – three days, keep the tournament rounds short, and conduct the tournament rounds in a dedicated area RIGHT ON THE GAMING FLOOR.

The Executive Invitational has been a home run at numerous gaming properties. It speaks powerfully to giving a 'piece of yourself' and not just a 'piece of your wallet' in your casino promotions.



*Category:* GAMING INNOVATION

*Name:* THE "PULL ME MORE" GROUP

**Description:** It started with a series of requests from the Vice President of Slots that were designed to grow slot revenue or improve the slot playing experience. How can we maximize the sense of winning people have when they hit a jackpot? Is it possible to have a sports-themed slot area that creates new interest (and new revenue streams)? How can we make our slot losers feel like winners? Can we take our progressive jackpot amounts on games not scheduled to be hit in at least two years, and spread it out to more players, for more immediate revenue benefit? Faced with these questions (and not being a "slot guy" myself), I sought to establish a group of property employees who were slot players themselves at a number of different casinos to noodle on these questions with me. One volunteer came from accounting, another was a secretary in Casino Marketing, a third was a slot floorman turned slot instructor named the "Riverboat Gambler," and one worked as a hotel front desk clerk. The group met on company time once a week and was told that their honest thoughts were requested and that no idea was a bad one. In the first meeting of the group, it was agreed upon that the group should have a cool name that spoke to what it was trying to accomplish. After some discussion and more than a couple of crazy suggestions, it was decided that since the group was supposed to help drive slot revenue, that its name should be the "Pull Me More" group (back in the day when slot players actually pulled a handle to play the games – Millennials, look it up online).

**Dennis' Take:** I'm somewhat amazed that more casino companies don't utilize 'skunkworks' type employee groups like my Pull Me More group. I'm equally surprised that these same companies seldom ask all of their employees for their feedback and suggestions. I can't tell you how much fun these Pull Me More meetings were and how many great ideas came out of this group!

I can tell you that it was critical to have all members of our group be slot players themselves and that they could think 'out of the box.' That they got paid and recognized for their time. That they had a safe place to be blunt. That we trusted them not to share all of these strategic directions management was thinking about. That they were part of the team for beta testing anything we might try.

And the results of all of this? Our Pull Me More group created one of the most impactful slot jackpot celebrations I have seen to this day – complete with celebratory music, a gold medallion around the winner's neck, a packet of Lucky Dust to scatter in the winning area to demarcate the 'luck spot,' and an invitation to a winners' celebration later in the year. Our discussions about a sports-themed slot area turned into 'Hitters,' a once underperforming slot area that was envisioned with sports-themed slots and sports memorabilia on the walls. And our discussions about taking care of losing players evolved into using an executive group called 'The Fun Force' to hand out Hershey Kisses and hand wipes as they chatted up players on the slot floor.

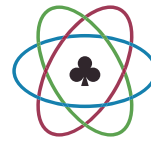
You can create your own Pull Me More group for any casino department for any strategic goal. Realize that you have numerous team members (HINT: start with the BEST ones) who have much to contribute and are eager to do so. Now go get some of them and start innovating!



*Dennis is President and Chief Strategist of Raving Consulting Company, and has over 40 years of casino experience, including keno writer, bartender, dealer, floorperson, gaming instructor, special events manager, casino marketing director, gaming institute director, and corporate vice president of employee training and development.*

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Bally's Las Vegas, Las Vegas, NV, July 17 - 18, 2017  
Produced by Raving Consulting Company for BNP Media

<http://www.hostdevelopmentconf.com>



### Raving @ Casino Marketing & Technology Conference

Bally's Las Vegas, Las Vegas, NV, July 18 - 20, 2017  
Produced by BNP Media Gaming Group

<http://www.casinomarketingconf.com>



### Raving @ OIGA Conference and Trade Show

Oklahoma City, OK, July 24 - 26, 2017

<http://oiga.org>



### Raving @ G2E 2017

Sands Expo Center, Las Vegas, NV, October 3 - 5, 2017

[www.globalgamingexpo.com](http://www.globalgamingexpo.com)



### Raving @ AIGA Expo 2017

We-Ko-Pa Resort & Conference Center, Scottsdale, Arizona, October 22-24, 2017  
Produced by Arizona Indian Gaming Association

<http://www.azindiangaming.org/aiga-expo/2017/>



### Cutting Edge Table Games Conference

Paris Las Vegas, Las Vegas, NV, November 14 - 16, 2017  
Produced by BNP Media Gaming Group

<http://www.tablegamesconf.com>



### Raving's 20th National Indian Gaming Analytics & Marketing Conference

Choctaw Casino Resort, Durant, OK, January 29 - 31, 2018

[www.ravingconsulting.com/indian-gaming/](http://www.ravingconsulting.com/indian-gaming/)



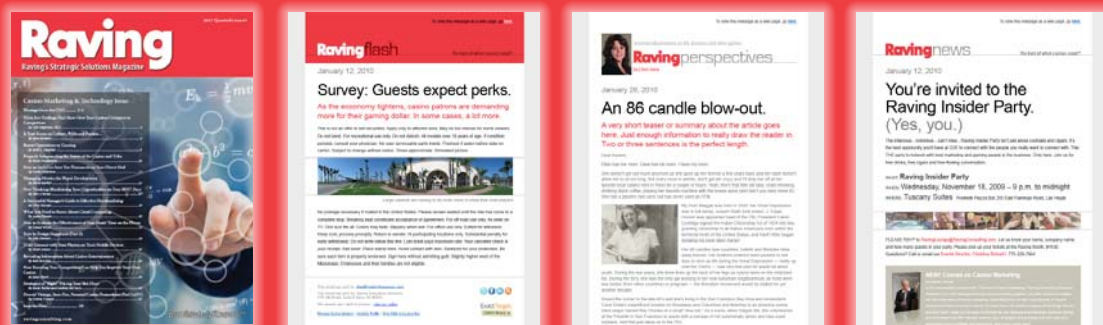
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