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Harnessing Demographic Software to Improve Casino Marketing

In the casino industry, the process of querying and analyzing a market's demographic composition has long been the function of consultants who conduct market feasibility studies or, in large multi-unit gaming companies, analysts who dedicate the majority of their time scrutinizing demographic data. The vast majority of casino marketers conduct a cursory review of area demographics as part of their annual marketing plans. This is not to suggest that marketers do not recognize the value of analyzing regional demographics. Rather the cost of demographic software coupled with its limited applicability has restricted its application.

In recent years the costs of software that generate detailed demographic reports for any geography and demographic mapping software have dropped to the point where any casino can now justify their expense. More important, the contributions that these software products can make to a casino's advertising and marketing efforts far outweigh their costs.

There is a wide variety of demographic software products available to casino marketers and they are roughly divided into two groups. The first allows the user to initially pinpoint the location of their casino on a map and then pull demographic data for any user-defined geography. For example, one can generate demographic reports for a region defined as a 20-minute drive time, a particular zip code, 10-mile concentric rings around the property or even a custom-made polygon. Once the geography is defined, the software pulls detailed demographic information for that area, detailing population by age, sex, employment, race, ethnicity, income and a wealth of other variables.

With demographic software a casino marketing team can easily measure how effectively their property has penetrated a given market. In other words, by comparing the number of adults in a given geography with members in the casino's database, the casino can calculate the percentage of adults who belong to their rewards program. The following table illustrates this.

Zip Code	Miles from Casino	Adults in Zip	Members in Zip	Penetration Rate
14890	10	38,521	4,215	10.9%
14885	16.2	43,504	3,342	7.7%
14880	19.5	38,958	2,651	6.8%
14823	14.1	52,480	1,522	2.9%
14720	24.5	36,400	2,110	5.8%

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Matching Products and Services to Customers

Using this same software, casino marketers can examine a particular geography to further understand its composition. With a better understanding of a particular area's population in terms of age, income, race and ethnicity, the casino can design products and services that meet the needs of those particular markets.

Database Mapping

Another type of software product allows casino marketers to analyze their own database through visual mapping. These mapping programs map out a casino's database so managers can easily identify where their customers live. Casino marketers can easily identify communities that have high concentrations of gaming customers and those that do not. This information can be invaluable to the astute marketer. By actually seeing where existing customers live and where they do not, marketers design marketing campaigns to more effectively communicate to existing customers or target markets where they have fewer customers.

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As an example, with a database-mapping program, the casino advertising director can design more effective billboard campaigns. If the goal of a particular outdoor campaign is to reinforce a database-marketing message with billboards, specific outdoor locations in neighborhoods with high concentrations of players can be identified and messages placed on those billboards. If, on the other hand, the goal is to target new prospects, this mapping program can easily identify areas where the casino has a low penetration rate. The casino's advertisers can in turn deliver a variety of advertising messages through outdoor, print and selective broadcast media, in order to increase penetration into those areas.

Measuring Results

While direct mail, if designed and executed effectively, is highly targeted, delivering the right reward to the right customer, advertising often is not. This is because it is difficult and prohibitively expensive to measure the effects of advertising on a casino's business. Wealthier casinos can utilize

market research firms to conduct pre- and post-testing attitude, awareness and usage studies. Others may attempt to identify permutations in gaming revenue and correlate them to recent advertising campaigns. However, for the most part, casino advertising goes unmeasured. By utilizing demographic software and mapping programs, the casino's advertising team can design effective tools to measure the success of their advertising efforts.

As with all software products, there is a learning curve. If a casino commits to purchasing these powerful software tools, it must also identify people within their organization who will utilize these programs and develop a systematic approach to analyzing the data and utilizing the information gleaned from the analysis. ♣

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