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The Best Way to Communicate With Your Customers

When conducting market assessments or feasibility studies for casino expansions, researchers often carry out qualitative research in the form of focus groups in order to gain a better understanding of the needs of the market. While not a primary objective of the focus group research, the effectiveness of advertising is often included as a secondary topic. Researchers include this topic to better clarify any proposed marketing strategy that may be part of their market assessment.

Advertising is a significant expense for any casino, particularly for those properties that are about to introduce new gaming, dining, entertainment, lodging or other amenities. As such, researchers need to have an understanding of the advertising tools that are most effective. A common question that researchers pose to casino customers in such settings is, "what is the best way a casino can communicate to you?" Invariably, the answer is always the same. Mail is the most effective tool in the casino's advertising arsenal to communicate with its customers.

While most casinos use direct mail as one way to reach their customers, this form of communication is often categorized as a form of casino marketing rather than advertising. Casinos with more sophisticated database marketing programs use incentive-based direct mail, where cash coupons are the primary calls to action. Because of the efficacy of offer-driven mail offers, casino managers rarely view the direct mail component as a form of advertising. Rather, television, radio, print and outdoor are usually considered the primary tools of casino advertising.

Mail as Advertising

It is easy to understand why mail is viewed as a form of casino marketing rather than advertising. Whereas advertising expense (placement and production) most often appears on the casino's advertising page of the profit and loss statement, direct mail and the associated costs of offer redemption usually are found on the casino marketing page.

The inherent problem with viewing mail as a form of advertising is that direct mail can only reach those customers who are in the casino's database. The casino must still reach out and attract gamblers who have not yet visited their property, as well as tourists to the region. This argument is valid and casinos should, by no means, cease advertising efforts in lieu of direct mail. However, in a mature market it is unlikely that there are any local gamblers who have not been to all casinos in the area and have not enrolled in each casino's player rewards program. Thus, while there may be many people who gamble at other casinos on a regular basis, in all probability their names and addresses are in every competitor's database, most probably in the inactive file. These customers have come in once or several times and, for any number of reasons, chose not to return. They have however, differentiated themselves from the larger populace by actually visiting a casino for gaming entertainment.

While there are different kinds of mail for different purposes, the primary method of advertising through the mail is the newsletter. This is best defined as a multi-page, self-mailer, which describes the casino's upcoming events and promotions. It also acts as a forum by which the general manager can send a message to his/her customers, the slot director can update his/her audience on the new games that are scheduled for installation or where other managers can tell their audience what is happening. Typically, the newsletter includes a calendar of events and the ubiquitous winners' photo gallery.

The Problem With Newsletters

The newsletter is probably the most difficult direct mail piece to produce; costs the most to print and, because it is

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informational and not offer-driven, is almost impossible to measure. For these reasons casino managers prefer to allocate the direct mail budget towards offer driven mailers. However, offer-driven mailers serve a completely different purpose than the newsletter and the two need to work in tandem: one to inform and one to drive incremental visitation.

Another problem with the casino newsletter is that it takes a lot of work to produce and sustain. In order to be effective newsletters must be produced on a monthly basis. Customers often state that they place these mailers on their refrigerator along with competitors' pieces so they know what is going on at each casino and so they can plan their gaming days better. The task of managing newsletter production is close to a full-time job and many casinos are loath to allocate the human resources to this endeavor. Thus, many operators choose to print these periodicals every other month and thus, reduce their effectiveness.

For the person tasked with managing the newsletter program, there is a constant process where one newsletter is about to drop in the mail, another is being typeset while a third is in the initial planning stage. Mix in last minute

changes, hunting down postage checks and delays at the mail house and the job can quickly become overwhelming.

The monthly newsletter often becomes a constant source of aggravation for every manager. Imagine being the food and beverage director and the newsletter coordinator walks into your office on October 1 and states that he/she needs the Christmas menu by the end of the week. Yet to design and produce newsletters effectively, all managers need to be able to provide information on promotions and marketing programs that may not be relevant for three months.

Direct mail is an invaluable component of the casino's communications mix but it should not be simply a series of offer-based mailers. An informational newsletter allows the casino to deliver a series of relevant messages to the most important people in the market: those people who have a greater propensity to enjoy gaming entertainment than the general population. ♣

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