

TABLE GAMES MANAGEMENT FOR THE SMALL CASINO: PART 5

By Bill Zender

Editor's Note: This article is the fifth and last in a series regarding the management of table games in the smaller casino.

Situation 1: During this occasion, I was standing in the casino with a young woman who was in charge of table game promotions. We were observing the results of a drawing that was focused on rewarding table games players. The drawing for winners was held on a Saturday night. This seemed unusual to me since Saturday was generally a busy night at this casino. Out of curiosity I asked the marketing representative why the drawing was being held on a busy night when it wasn't needed to attract business; shouldn't it be held on a slower night like Sunday? "Oh, no," she replied. "We want the drawing to be successful. If we held it on Sunday night, we wouldn't draw as many participants." My belief was that the purpose of the drawing was to attract additional table game customers during a slower period, not bring them to the casino at a time they would voluntarily frequent the casino. Her immediate disagreement proved to me that her department's focus was on the "success" of the promotion they were hosting, not on the success to drive table game business.

Situation 2: A casino executive of one of the "boutique" casinos in Washington state was excited about his latest table game promotion. The executive explained that he was limited as to how much he could spend on advertising the casino, which supported no slot machines and only 12 table games. What was his medium of marketing the casino? The medium was match play coupons. He explained that he mailed a canvas promotion of \$10 match play coupons to every household in the local ZIP code areas and also placed match play coupons in the local "advertiser" newspaper. The executive stated the cost was minimal since the expense only entailed a 50 cent-per-piece mailer and a weekly \$100 coupon ad in the newspaper. When I questioned the executive about the eventual use of the coupon on the table and the gaming cost related to each match play coupon received in play, he waved it off, saying that any possible cost was "easily" absorbed by the table games. He never considered that the wagering of the "free" match play coupons was a severe drain on his table game revenue.

Situation 3: Management at a northern Midwest casino decided to celebrate the 10-year anniversary of their casino's opening. To commemorate the anniversary weekend, they decided to hold an invited guest \$10,000 blackjack tournament, an invited guest \$10,000 slot tournament and a \$10,000 cash drawing open to anyone earning a drawing ticket during the previous week. They also offered table game promotions during the week, which included "hot seat" giveaways and



periods of play in blackjack where they paid 2 to 1 on player blackjacks up to the table limit of \$200. The casino was packed during the weekend, and everyone in management was pleasantly impressed until the month-ending profit and loss statement showed that the casino lost money that month. How could they lose money when they had generated so much business?

Situation 4: A small California casino was involved in a bus promotion that filled their casino every day for 10 hours. In order to make the promotion attractive to his customers, the bus marketer required that each bus person be given \$60 in table game free play chips with each minimum buy-in at the casino cage of \$60 or more. Day after day, a number of buses stopped at the casino's front door and disgorged busloads of casino table games customers. The casino had never been so busy. However, at the end of the first month of this promotion, management was puzzled about the operations' bottom-line results. How could a casino that posted the best revenue month in its history end up with a bottom-line result that was negative?

Many of this article's readers will review the previous four situational examples of table game promotions and marketing, and, after the first several lines, relate to a promotion or program that their management team has tried in the past with great optimism. Unfortunately, a large number of those same readers will be puzzled by the conclusions drawn in the last sentences of each example. In each situation, the management team in question had made a conscious decision to implement the described promotion in anticipation of driving new or return table games customers to the tables. However, each example resulted in a less-than-satisfying return to the operational bottomline. Why did these promotions turn out so badly? What could a "wiser" casino executive do to prevent, or at least limit, negative results?

Smaller casino operations generally suffer from some shortcomings not experienced by larger operations due to their scope and budget restrictions. In many cases, the person who directs the marketing efforts also is responsible for a number of additional areas of operation, not just the development of table game business. In most cases, that person's training and knowledge in the area of casino marketing is quite limited. Following are a few suggestions that the smaller table game casino executives can consider that will help them plan a more successful table game promotion or program.

Put Pencil to Paper Before Considering a Promotion

In each of the previous promotion situation examples, it's apparent that the executives either didn't understand the underlying mathematics of the promotion or failed to conduct calculations projecting the promotion's financial outcome. This is known as failing to put "pencil to paper." In the example of the casino executive who flooded his table game market with "free" match play coupons, if the executive understood that each coupon played represented a reduction in table game revenue, would he still have gone through with it? Granted, the promotion will bring in table game customers, but if the executive had understood the dynamics of "match play," he would have known that each coupon cost his casino a little less than coupon face value to attract that customer to the table. The totally staggering revelation of a match play promotion is the number of additional hands the customer is required to wager before the house expects to break even. In the game of blackjack where the coupon pays even money on a player blackjack, it takes approximately 35 additional hands played at the same wager before the casino expects to breakeven with the coupon. How many match play coupon players have you seen that continue play after the coupons are exhausted?

In situation No. 4, the executives couldn't understand why busloads of players weren't creating a positive revenue flow. The problem was that no one had done research on estimating the cost versus the revenue of the

program. After several days, someone in operations should have figured out that the amount of additional table game revenue did not overcome the cost of the free bet chips given to the players. If management executives would have done their homework, they would have discovered the shortfall, and either suggested lowering the amount of free bet chips offered to each bus customer or buses arriving under that promotion be discontinued. Instead, the end-of-the-month results were an unpleasant surprise. Unfortunately, it's human nature that seeing a casino full of bus customers creates a "smokescreen" of the fact that these customers are actually costing the operation money. In essence, the bus customers are having a big party in your casino every day, and you're the one paying for it.

Picking a Target Market and Promotion Objective

Before planning a promotion, decide who your target customer is and what you want to do to attract that customer. Instead of setting open-ended objectives like "this promotion will attract customers to the casino," you need to be more specific. Consider the old newspaper guideline of the five W's and the H: who, what, where, when, why and how. While sitting in marketing meetings, I used to jot down the W/H's whenever the marketing manager laid out a new promotion or program. If the manager didn't answer all these to my satisfaction, I would have them readdress the ones I found lacking, or I would vote to shoot down the promotion/program completely.

Following is an example of an approach to the target/objective questions and the W/H's requirement:

"Marketing purposes of this cash drawing are to (1) increase table games players trip frequency and (2) keep them gambling at the tables for a longer period of time."

Once the target is established, i.e., "table games players," and the objectives, i.e., to "increase trip frequency and keep gambling longer," then the parameters of the process must be established.

"Drawing tickets will be earned by the customers when they hold specific card combinations on the table games at a specific minimum bet. For a seven-day period these drawing tickets will be placed in a locked drum, which will be visible to all from the casino floor. At the end of the period, a drawing will be held on [normally a slow day of the week], on the casino floor near the table games. Two members of marketing will be used to select the winner: one to spin the drum, reach in and select a ticket and one to observe the process and read off the name of the winner. Any selected customer must be present to win. Each selection will be given one minute to claim their prize money. Tickets will be drawn until a winner is selected. Four drawings will be held on that day, with each winner receiving \$X amount of dollars."

Additional W/H's will involve distribution of tickets and the process of the winner receiving the reward. It's important to be specific about which department or which personnel are responsible for each function that we will discuss later.

Remember the primary goal of the target/objective phase is to determine what segment of your market you wish to reach and motivate into playing table games in your casino. At the same time you are determining the reason behind attracting these players to your tables. Here is a list of basic goals of the promotion:

Attract new customers to your casino. This includes customers new to casino gaming or customers you intend to steal from the competition. Stealing market share from your competitors is the best strategy in increasing immediate table game revenue; you target customers you know will gamble. New customers are questionable. Will new players gamble on your tables or just stay for the length of the promotion and leave? Going after new or unknown players is referred to as a "fishing trip." You're looking to catch a couple big "fish," not so much the entire school.

Keep players in their seats longer. The previously mentioned drawing promotion's secondary objective was to increase gambling time of the players. This is accomplished during the ticket collection period of the promotion because the players are motivated to play a few more hands to see if they can earn more tickets. If the promotion increases that average customer's time on table each trip by as little as 15 minutes, it will accomplish this goal. The longer a customer plays at the table, the more revenue the casino will earn. During the drawing, spreading the winners over several drawings at different hours will also keep some players in the casino and at the table longer.

Increase their trip frequency. In order to earn more tickets, players may be motivated to increase their weekly playing days at the casino. If the promotion motivates the player to come to the casino three nights a week instead of two nights, the promotion accomplishes this goal.

The Importance of Planning and Pre-testing a Promotion

I can't say enough about the importance of planning on every detail surrounding even the smallest promotion or program. The maxim "failing to plan is planning to fail" is no truer than when it comes to promotions. If you don't plan the promotion and then pre-test it before it's begun, it will increase both the possibility of failure and "unforeseen" costs of the promotion. Following are a few questions that must be answered prior to the implementation of a table game promotion:

- Discuss the target market and objective of the promotion with members of management. Ask questions to be sure the promotion will be attractive to the target market and the objective is reasonably obtainable. Don't think you will save money by using the shotgun approach. Be sure to focus your efforts on the market segment that will be the most profitable.
- What materials are needed for the promotion, and who purchases the materials? Once purchased, who maintains the materials and who distributes them? It's important that you work this out beforehand.
- Which departments are involved in the promotion, and are they fully informed as to the dates and time of the promotion? Do they all understand their responsibilities in the promotion?
- Has management scheduled a pre-promotion meeting in order to discuss the process of the promotion with all departments that will be involved? This meeting will provide a great opportunity to pre-test the promotion.
- Pre-testing the promotion allows all departments involved to work through the entire promotion from material purchase, distribution and advertisement to implementation and beyond. Discovering problems and glitches in the system during the pre-test will cost nothing compared with discovering the same problems once the promotion is being implemented and offered to the customers.
- Be sure to establish milestones and goals. Milestones indicate if the promotion is progressing as management has intended; goals allow you to clearly evaluate the final result of your promotion. If the promotion is not meeting milestone standards, it can be either modified or discontinued. Note: You don't have to run an unprofitable promotion the entire length as planned. Remember, management has the right to discontinue all promotions at any time.
- Be sure to hold an "after-promotion" meeting. Every promotion needs to be examined and analyzed to determine its level of

success, and any suggested improvements should be noted. Regardless of whether a promotion is a huge success or a huge failure, the promotion needs to be analyzed to determine if it is worth using again, rolling into an ongoing program or relegating to the scrap heap.

The Difference Between a Promotion and a Program

A promotion is a means of attracting customers over a specific period of time. A program is the same thing as a promotion except it is used to attract customers of an indefinite period of time (continual). It is best to take a marketing idea and experiment with it as a promotion first. By testing it as a promotion, the unsuccessful promotion can be either modified or cancelled. If it appears that the promotion was a success, management can either extend the length of the promotion, i.e., "extended by popular demand," or it can be rolled into a program. Remember, it's much easier to end a promotion than it is to "kill" a program.

Conclusion

Probably one of the toughest jobs for management at a smaller casino is that of attracting customers to the table games. Many times management fails to plan promotions or, at the very least, project anticipated revenue and compare revenue to the calculated promotion's cost. In order to give your operation a good chance of offering a successful promotion, consider the following points:

- Always do the mathematics: i.e., put pencil to paper before implementing any promotion or program.
- Determine your promotion's target and objective; the shotgun approach is ineffective and will only cost you money.
- Write every promotion out in plain English; be sure to utilize the five W's and the H.
- Always plan any promotion in detail and then present this plan to every department representative who will be affected by or involved with the promotion.
- Pre-test the promotion in the promotion meeting; it is cheaper and easier to work out all the bugs in a meeting than on the casino floor in the middle of a promotion.
- Be sure the promotion is measureable; establish milestone checks and measurements to see if the promotion is on track and has a good chance at being successful.
- If the promotion is discovered to be not accomplishing the targeted goals or objectives, don't be afraid to change the promotion or discontinue it entirely.
- If the promotion is highly successful, don't be afraid to either extend the promotion's time length or roll it into a program.

BILL ZENDER



Bill Zender is a former Nevada Gaming Control agent, casino operator, professional card counter and present gaming consultant. He has been involved in various areas of gaming and hospitality since 1976. He can be reached at wzender@billzender.com.