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Designing Effective Prospect Mail Programs

Casino operators have long understood the importance of using mail to communicate to various segments of their player databases. Direct mail has proven to be the most effective tool in the marketing arsenal to foster loyalty and encourage repeat visitation. However, direct mail can also play an important role in reaching prospective customers who have not yet visited the casino property.

The notion of using direct mail as a prospecting tool has long allured casino marketers. If designed correctly, the effectiveness of prospect mail programs can be accurately measured and the end result can lead to a cadre of intensely loyal gaming customers. However, just like other forms of advertising media, without an understanding of the hazards inherent in prospect mailing, the casino risks wasting precious marketing dollars and alienating its existing customers.

The List

An effective prospect mail program begins with a quality list. Often casinos will rent a mailing list of residents in their primary market. These lists may be addressed to individuals or, more commonly, to all members of the household. It is generally accepted that between 25%-40% of American adults gamble in casinos. So, when a casino rents a list of the general population, a minimum of 60% of the mail will go to people who do not have any inclination to gamble. Also the casino risks offending people who are morally opposed to gambling or inadvertently reach people who may not be of legal gambling age.

To increase the chances that an offer reaches only those people who have a propensity to gamble, casino operators will contract with vendors that can provide lists of people who gamble on a regular basis. These lists are compiled by database marketing companies who maintain vast electronic warehouses of consumer records segmented by demographics, purchase habits and lifestyle. This data is gathered from a variety of sources. Warranty cards are a common source of information on consumer behavior. In addition to asking customers where they purchased a product, warranty cards pose questions on lifestyle and leisure habits, and customers, for fear of violating the covenants of their warranties, readily provide answers to these questions. One popular question that is often asked is, "do you participate in casino gambling?" People who respond affirmatively will have their names placed on a list of prospective gamblers.

De-Dupe the List

Purchasing a quality mailing list of prospective gamblers is only the first step in implementing an effective prospecting campaign. The mailing list must then be de-duped against the casino's database of customers. The reason for this is simple:

it would be inappropriate to send a loyal customer a prospect mailer when they are already a patron of the casino. Aside from the increased marketing expense, the casino may offend a loyal player when they send a prospect offer for say, a \$5 in free slot play when the recipient is used to receiving far greater offers. More important, when a casino sends a prospect mailer to an existing customer, it is essentially saying to its loyal customers that it does not know them.

The Offer

With a clean list of names the casino must then decide on the appropriate offer to send to these people who have a propensity to gamble. The offer may include a free slot play offer, discounted room package, food vouchers or a combination of each. The trick for the casino operator is to find the right mix of offers and the right dollar value for each component in the suite of offers. Is a \$5 cash coupon coupled with a \$5 meal voucher and discounted room offer the right mix of offers to get a new customer to visit the property or will the market only respond to a minimum of \$10 coupons? To find the sweet spot, sophisticated casino marketers will test a variety of offers to a database, track the results of each and identify the right combination and values that yield the greatest results.

The Carrier

Often little attention is paid to the carrier, which is the printed material that is sent to a prospective customer. A carrier may be a postcard, four-color self mailer or traditional letter in a window or printed envelope. Once again, astute casino marketers will test various combinations along with various offers in order to find the right carrier that yields the best results.

Once the right carrier is developed the marketer will try various techniques to enhance the response rate. This may include a so-called "Johnson's Box" on the envelope that is designed to get a prospect to open the envelope and read what is inside. A Johnson's Box may read, "your check is enclosed" or "free hotel offer inside." These messages are simply designed to get the prospect to go forward and open the letter rather than discard it with all of the other promotional mail that inundates consumers' mail boxes.

Mail More Than Once

All forms of advertising communications require multiple viewings in order for the consumer to become cognizant of the messages. Typically, a television commercial may need to be seen four to five times before the consumer becomes aware of the message. That is why advertisers often repeat a commercial several times within a short time period. It is no different with direct mail. Just because a customer receives a letter in

the mail that is well designed, targeted to the right prospect and contains a meaningful offer, there is no guarantee that the customer will open up and read the mail piece, much less act on the offer. It may take multiple mailings in order for a prospect to act.

The Returned Mail Factor

An often overlooked fact in direct mail programs is the returned mail factor. Any casino that embarks on prospect mailing must accept that 10% of prospect mailers will be returned as undeliverable. The reasons for this are varied. First, Americans have a tendency to move and often prospect mailing lists are not updated, even with sophisticated change of address programs. Second, since mailing lists are derived from forms that consumers filled out by hand, there is a chance that sloppy handwriting may cause data entry personnel to input inaccurate names and addresses. Regardless, if the casino's return address is on the envelope, management should not be alarmed to see boxes of mail come back to the casino returned as undeliverable. While 8% return rate may sound acceptable, a 100,000 piece campaign could generate 8,000 returned letters. Just the sight of a dozen cartons of returned mail could easily discourage a casino manager from committing to an ongoing prospect campaign.

Prospect Mailing Works

Designing and implementing a prospect mailing campaign is an expensive and time consuming process. It requires a dedicated staff to monitor the results and a database marketing company that can provide the mailing lists, de-dupe the lists against the casino database, design effective forms of communications and test a variety of offers and carriers until the right combinations are achieved. While daunting, the reasons casinos embark on such campaigns is because, if done right, they yield enormous results. You only need to look inside your mailbox to see the commitment other industries have made to direct mail. Credit card issuers advertise in print, on television, radio and outdoor. They conduct promotions. They utilize telemarketing but they rely most often on direct mail because no other medium is as effective in converting a prospect into a loyal customer. Done right, prospect mailing can yield tremendous results. Done wrong, it becomes just another expensive and ineffective marketing program. ♣

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