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Mass Mail Versus Smart Mail

As a gaming consultant, I often find myself traveling to casino properties located great distances from my home. During these trips I also find myself shopping competitors' casinos. Like many others who visit their competition, I make it a point to dine in one of the casino's restaurants, ask employees basic questions, inspect the public areas, join the competitor's player rewards program and spend a few dollars in the casino.

My purpose for such visits is to gain an understanding of competitors' service levels, identify their strengths and weaknesses, understand how competitors' slot clubs work, what they return in visible rewards and how well the club staff explains reward benefits. I had long ago given up hope that competitors would acknowledge my modest gaming activity with any meaningful offer. Most casinos have long ago figured out that visitors whose mailing addresses are 2,000 miles away and whose daily theoretical is very low are not prime candidates for direct marketing. Nevertheless, some casinos still attempt to entice me to return.

One casino in the southeast United States sent me a reminder (not an explanation) to attend a drawing during the Christmas holiday period for my chance at winning a share of some cash prize. The anticipated behavior by this casino is that I would book a flight during the busiest travel period of the year and visit this casino in hopes of winning my share of the money. I chose to stay home.

Another casino sent me a laser personalized letter with my name and address in a four-color window envelope, thanking me for my visit and including several discounts to the casino's bingo hall, as well as coupons good for 10 free drawing tickets. No matter that the casino was located 1,800 miles from my home and I am not much of a bingo enthusiast. The casino's direct marketing department did not bother to notice the answers on my slot club application asking me about my preferred games. If they did they would have discovered that I have no interest in bingo or promotions. They ignored those answers and simply saw me as a gaming prospect who could possibly be enticed to return to the property with what to me were meaningless offers. Both of these casinos probably made the same assumptions about 10,000 other players as well.

Database marketing can become the lynchpin of casino marketing plans. There is nothing more valuable to a casino than a database of players that can be communicated with on a regular basis. Database marketing is also the foundation of any customer relationship management program. This is nothing new in the casino marketing arena, yet many

casinos ignore the most basic bits of information about their customers and instead resort to mass mailings, in which vast segments of untargeted customers are sent irrelevant offers. Rather than segment their database into specific gaming and lifestyle behaviors, design marketing campaigns to appeal to those segments, and build relationships with those customers, casinos often resort to simple mass mailings, sending out offers to every member in their active database. The vast majority of these offers fail to initiate action, simply because they were not targeted.

Mass mailings are often a catharsis to the casino's management team. They give everyone a sense of accomplishment. Mass mailings are also fairly easy. They do not require much thought on how to segment the database nor do they require matching the offer to a particular segment. They require a minimal amount of planning and are immune to analysis. Casino managers tend to like mass mailings and do not hesitate to sign \$10,000 postage checks. Yet their effect on the casino's profitability is usually negligible.

It is easy to understand the reasons for such marketing tactics. Mass mailing is much like conducting a big promotion. It demonstrates activity. When conducting such campaigns casino marketing personnel can point out that they are aggressively marketing their property. Senior executives can then proudly boast to shareholders and financial analysts that they "drop 100,000 pieces" a month. Similar claims are made to tribal councils.

There are times when mass mail can be an effective tool. A postcard promoting a discounted room rate, targeting an out of town customer, can be very effective at filling a hotel during a slow period. An upcoming show with soft ticket sales can be rescued by targeting the local population with a discounted ticket offer.

Smart mail sends out meaningful offers to meaningful segments of the database. Mass mail does not. Smart mail is a series of tests. Offers are tested, database segments are tested, copy is tested and even the mailer is tested. Mass mailings are not.

Direct mail is not an inexpensive method of communication. Utilized correctly, however, direct mail can not only enhance the bottom line, it can be the single most important marketing program a casino undertakes. Unfortunately, the same cannot be said about mass mail. ♣

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