

Spring 2008

Building an effective marketing model for Native American casinos

Jeffery M. Pletcher

University of Nevada, Las Vegas

Follow this and additional works at: <https://digitalscholarship.unlv.edu/thesesdissertations>

 Part of the [Gaming and Casino Operations Management Commons](#)

Repository Citation

Pletcher, Jeffery M., "Building an effective marketing model for Native American casinos" (2008). *UNLV Theses, Dissertations, Professional Papers, and Capstones*. 562.

<https://digitalscholarship.unlv.edu/thesesdissertations/562>

This Professional Paper is brought to you for free and open access by Digital Scholarship@UNLV. It has been accepted for inclusion in UNLV Theses, Dissertations, Professional Papers, and Capstones by an authorized administrator of Digital Scholarship@UNLV. For more information, please contact digitalscholarship@unlv.edu.

Running head: BUILDING AN EFFECTIVE

Building an Effective Marketing Model for Native American Casinos

By

Jeffery M. Pletcher

Spring, 2008
Dr. Gail Sammons
HOA 791

Table of Contents

Part One	
Introduction.....	3
Purpose.....	4
Statement of problem.....	4
Justifications.....	5
Constraints.....	5
Part Two	
Introduction.....	6
Standards.....	7
Direct mail program.....	8
Potential problems with loyalty coupons.....	9
Tiered rewards program.....	9
Four types of guests.....	10
Potential problems with tiered rewards programs.....	11
Executive hosts.....	11
Summary.....	12
Part Three	
Methodology.....	16
Results.....	16
Expected results of the direct mail program.....	17
Expected results of the loyalty program.....	18
Expected results of the tiered rewards program.....	19
Expected results of the host program.....	20
Recommendations.....	21
References.....	22

PART ONE

Introduction

In 1987 the U.S. Supreme Court recognized that, as sovereign political entities, federally recognized Native American tribal entities could operate gaming facilities free of state regulation. Soon after, Congress introduced the 1988 Indian Gaming Regulatory Act (IGRA), which maps out the conditions under which Native American tribal entities are permitted to operate casinos and bingo parlors (Kilby, Fox, & Lucas, 2005). These terms and conditions for Native American casinos under IGRA regulation are Class II gaming methods. Class II gaming is defined as the game of chance commonly known as bingo (regardless of electronic, computer, or other technological aid) (Kilby et al., 2005).

Class II gaming also includes non-banked card games; that is, games that are played exclusively against other players rather than against the house or a player acting as a bank. The most common form of non-banked card games are poker games (Kilby et al., 2005). The IGRA specifically excludes slot machines or electronic facsimiles of any game of chance from the definition of Class II games (Kilby et al, 2005). Tribes retain their authority to conduct, license, and regulate Class II gaming so long as the state in which the tribe is located permits such gaming for any purpose and the tribal government adopts a gaming ordinance approved by the Commission. Tribal governments are responsible for regulating Class II gaming with commission oversight. Native American casinos have the option to create a state compact to allow Class III games such as roulette, black jack, and craps (Kilby et. al., 2005). This allows the state in which the tribe operates to collect a percentage of the revenues generated by the compacted games. With the addition of new gaming options, it is important to implement a

marketing model that will satisfy the new gaming market that is being tapped into with the addition of Class III games.

Purpose

The purpose of this paper is to create an effective marketing model for Native American casinos that operate in Class II gaming atmospheres with Las Vegas style gaming options. The marketing model will be comprised of three parts: a tiered rewards program, a loyalty program, and executive hosts. This marketing model is for casinos with player tracking systems.

Statement of problem

Native American casinos are in need of proper marketing models that allow them to omit mass marketing methods such as promotional drawings open to the general public. Without a database, a marketing plan, and incentives, casinos are forced to market car giveaways and other offerings to the general public. Marketing to the general public isn't strategic; it is a shot in the dark. With player tracking software and cooperation from the payers, casinos can obtain massive amounts of information beneficial to segmenting, targeting, and advancing a relationship-building model (Kilby et. al., 2005).

Another issue with Class II gaming is the prohibited service for issuing lines of credit. At Native American Casinos (Class II gaming casinos), cashing personal checks are considered lines of credit issued to players. For this reason, third party check cashing companies are needed to cash checks. The problem is that third-party companies often include large fees for cash advances that most players find unattractive.. With a system like this, several high worth players are either turned away, or issued a heavy fee for cashing a personal check.

Justification

It is extremely important to cater to the needs of the most profitable guests in the database. Making sure these players have ways to obtain money is crucial for assuring that the maximum amount of profit is reached. Player-tracking systems allow casinos to find out who the spends the most money in the casino. The tiered rewards system will segment each player in such a way that each reinvestment is a direct result of that player's ratings in the system. The loyalty program is essential to provide incentives for players to return to the casino within two weeks of earning a loyalty coupon. The executive host program is important for establishing relationships with premium players, developing good players into great players, and bringing in new players.

Constraints

While tiered systems are designed to reward players based on their play, a tiered system can be a bit confusing to players because they often wonder how they attain tier status (Kilby et al., 2006). For example, if there were only two tiers, and a VIP status occurs at 10,000 points accumulated from January to December. By October a player may have earned 10,000 points becoming a "blue-ribbon" VIP. They will maintain that status through the end of that period (through Dec) as well as all the next year. Hopefully, as a VIP they will enjoy the lavish treatment so much that they will earn those 10,000 points by September. However, if November comes and the player is only at 8,000, the guest may not realize that they are in danger of losing their status.

Potential problems with the loyalty program are that these programs do not necessarily create loyalty in customers. Instead, most of the people that respond tend to treat the players club as an elaborate discount vehicle by traveling to different casino players clubs for free offers (Kilby et al., 2005). James Feldman, chief solutions officer for Raving Rewards, said it best in

an article about customer loyalty, “Cash may drive a short-term purchase, but it does not create loyalty. Indeed, if the only benefit of a loyalty card is a price break or cash back, it becomes a one-off sales tool and not a loyalty program (2007).” In addition, sometimes guests feel entitled to the offers that they receive from the players club. This is a problem because the guests have no idea how values of the coupons were calculated. With that said, some guests will receive the same offers week in and week out until they slip up and play less; thereafter, the guest receives a lower valued offer. This situation always creates guest issues because the guests were expecting more and received less. This is counterproductive to the goal of exceeding guest expectations (Kilby et. al., 2005).

PART TWO

Literature Review

Introduction

An effective casino relationship-building model is difficult to execute with slot club marketing techniques that are aimed in part at driving customer satisfaction. While customer satisfaction is a requisite for loyalty, satisfied customers do not always become loyal customers. The customer's expectations must be met or exceeded in order to build loyalty; however, there are several reasons why satisfied customers may not ever become loyal customers. First, there are some customers that do not return to an area on a regular basis. Thus, a customer may think that the casino is great, but never return because they never return to the area. Second, some customers like to experience different casinos when they return to an area. These customers may love each casino that they visit, but keep changing with each visit to gain new experiences. Finally, there are price sensitive customers that jump from one casino to the next looking for the most lucrative offer (Kolter, Bowen, & Makens, 2006). According to the Vice President and Strategist for Raving Consulting Company, Steve Browne, "The best way to create loyalty is to have a marketing strategy that focuses on acquisition, retention, and reactivation (2006)." With a strategy aimed in these areas, firms may identify which players should be targeted for retention (direct mail offers or hosting service), and which former players have ignored the retention efforts and need to have the reactivation strategy thrown at them.

Standards

In Oklahoma, the most loyal customers are local customers that already live in the areas where casinos exist (Indian Gaming, 2004). For the purposes of this paper, this marketing model will focus on the local customers that tend to be price sensitive in the Oklahoma gaming market.

To effectively provide customer satisfaction, the marketing model will be comprised of three programs: a direct mail program, a tiered rewards program, and an executive host program. The purposes of the direct mail program and the tiered rewards program are to acknowledge and maintain the lifetime value of good customers while also providing incentives that may drive more trips and increase play. The purpose of the executive host program is to provide personal contact to premium players, develop relationships with premium players, and drive more trips for premium players.

Direct mail program

Direct-mail offers are trip-worth based offers and are easy to deliver with an effective database marketing team (Barker, 2007). The ease of delivery can be attributed to the many different varieties of incentives that can be tested (money, food, hotel, etc.). Overtime, the volume of data produced from the variety of direct mail offers can be examined to determine which offers produce the most profit. However, database marketing will constantly be balancing the worth of a customer against the trips being driven to determine whether or not more trips are actually shown. Perhaps the most painful part of the direct mail phase of the model is maintaining a sufficiently large control group over a sufficient amount of time to measure the effectiveness of the various offers (Barker, 2007). Play-up coupons (play to x to get reward y where x is a bit of a stretch over their average play) will also be part of the direct mail program, which are aimed at increasing the net worth of each player.

The first program in the direct mail phase of the marketing model is to implement a loyalty program. The loyalty program will offer one coupon per week based on the average of the previous week's play. The hardest part with this program is that the most frequent customers are the ones most likely to respond, yet the most difficult to determine whether or not an addition

trip was driven. However, the casino with a loyalty program is more likely to maintain loyal behavior with price sensitive customers than its competitors that do not offer a loyalty program.

Along with the implementation of the loyalty program, it is also crucial to have effective ways of measuring their effectiveness (Feldman, 2007). To properly track the effectiveness of a loyalty program, the guest value paradox must be discussed. The paradox is the effect of having two players of equal yearly value being treated different in terms of rewards (Kilby et al., 2005). For example, Player A spends \$15,000 on a single trip once a year, while Player B spends \$58 dollars a night, five nights a week, 52 weeks a year; both players are worth approximately \$15,000 a year. Player A is more likely to receive high comp offers to try to bring his business back more often, while Player B is more likely to be treated as somebody with less worth. The problem is that if a casino rewarded players A and B the same over time, Player B would probably prove to show a lower ROI than Player A. If Player A were to receive a 10% investment of \$1,500 in special offers for one night, he is likely to make an additional trip, while the same investment percentage of 10% divvyed up over time (300 \$5 coupons still equal to \$1,500) is probably not going to improve the return on Player B.

Mathematically, there could be a case made to reinvest equal percentages to both Player A and Player B, but logically it wouldn't make sense to reward Player B in effort to increase trips because he or she already visits 260 times a year with his or her daily worth only at \$58. The solution to this paradox is a three-prong approach that should be implemented in a good rewards program. The three-prong relationship building model is as followed: trip-worth based direct mail offers, tiered system (four tiers: four-star, three-star, two-star, and star accounts (4-star being the best), and executive hosts. Direct mail offers are aimed in part to bring in new players (acquisition). Tiered rewards programs are in place to create customer satisfaction, a

requisite to loyalty (retention), and the executive host program does it all (acquisition and retention, but also focuses on reactivation (Browne, 2006).

Potential problems with loyalty coupons

While a good loyalty program can be a good differentiator and a strong marketing tool, its effectiveness could be questioned. The question is, do loyalty programs build loyalty, or do they serve as discounted coupon offers that attract only price sensitive guests (Feldman, 2007)? While the success of the program may depend on answering that question, it is extremely difficult to answer. A negative relationship between loyalty behavior and “coupon customers” exists, and should be noted that not all properties are right for a cash-based loyalty program (Barker, 2008). For this reason, financial analyses of loyalty programs should be conducted with care due to the strong possibility of negative cash flows (Kilby et al., 2005).

To counteract the potential problems with loyalty coupons and other play-based offers, all coupons should be marketed as offers so that customers do not feel a sense of entitlement. For example, a customer that spends \$3,000 may be mailed a loyalty coupon of \$150 as a reinvestment to drive more trips. If the coupon congratulates the customer for earning a \$150 in cash back, the customer may feel as though it was money owed instead of appreciating the coupon as an offer. For that reason, each coupon should be communicated as an offer with an acceptance performed when the customer provides the coupon to the slot club between the dates and times specified with no exceptions (Hurdle, 2008).

Tiered rewards program

The purpose of a tiered system is to acknowledge special customers that drive the profits explained by the 80/20-rule (80% of the profit comes from 20% of the customers) (Kilby, Fox, & Lucas, 2005). The main thrust of a good-tiered program is that customers may earn points for

every \$1 of coin-in (based upon theoretical casino wins). Typically, players may earn bonus points to redeem for money or prizes; although, tier status is only based on actual money spent (base points only). A tiered system is based upon the four types of guests seen in any hospitality business (Kotler et al., 2006).

Four types of guests

In the hospitality industry, there are four types of guests that make up the entire market. The first type of guest makes up the lowest tier bracket, which are the guests that have a low frequency, and low profit potential. The second type of guest is one with a high frequency, but low profit potential. The third type of guest is one with a low frequencies, but high profit potential. Finally, the fourth type of guest is one with a high frequency and high profit potential (Kotler et al., 2006). The top tier should cater to the fourth type of guest to ensure partnerships are made. The goal of a tiered system is to identify the best and most profitable guests, and treat them extremely well; meanwhile, trying to develop the other types of guests into higher tiered players. The only difference in the slot department and table games department with the tiered system is that table games data and player ratings are usually back logged and manually entered, which requires direct observation of pits to rate the play, while slots are instantaneous and provide data automatically through tracking software systems (Thompson & Comeau, 1992).

Potential problems with tiered systems

While tiered systems are designed to reward players based on their play, a tiered system can be a bit confusing to players because they often wonder how they attain tier status (Barker, 2008). For example, if there were only two tiers and a VIP status occurs at 10,000 points accumulated from January to December, a player may have earned 10,000 points becoming a “blue-ribbon” VIP by October. They will maintain that status through the end of that period

(through Dec) as well as all the next year. Hopefully, as a VIP they will enjoy the lavish treatment so much that they will earn those 10,000 points by September maintaining their status. However, if November comes and the player is only at 8,000, the guest may not realize that they are in danger of losing their status. Usually, when status is lost, the player doesn't understand why, in which case they become offended and stop playing. For this reason, if players are in danger of losing their status, a letter should be sent to encourage the player to play more to maintain their status (Barker, 2008). Nichole Barker, President and founder of Raving Writing, said, "If you have set a deadline for your points to expire, then lets hope you have set a deadline for your tiered status as well. If play grows, your players immediately graduate to the next tier. If play drops, so should the tiered status (2008)." The key to success in the tiered rewards program is communication. Players should be sent mailers that include their point balances, and how much more they need to attain the next tier level (Barker, 2008).

Executive hosts

Executive Host are essential to the rewards plan because of the personal contact they have with top rewards members (Conrad, 2006). If a casino were to have over 265,000 active customers in their database, it is impossible for the casino to know each one personally. The goal of database marketing (and endless testing) is to determine what offers their guests want (Conrad, 2006). For very high dollar customers, it is cost-effective to actually ask them personally. It is important to give high frequency, high profit potential guests an executive host who will develop a personal relationship that caters to what the guest wants (Kotler et al., 2006). An executive host usually has a strong telemarketing-sales component to their job. This is a dangerous method, because often times, people don't enjoy being interrupted by phone calls. That is why a database should contain information useful to the hosts so that hosts know what

good calling times could be (Cravens & Piercy, 2006). The database should also provide data that can be processed and analyzed so that VIPs can be offered only what they may actually want.

Due to the fact that most marketing programs are automatic when players reach a certain play level, VIPs will qualify for several different offers that probably won't interest them. For this reason, high dollar players may be excluded from standard direct mail offers that they would find uninteresting, generic, or insulting (what \$10,000 player would stand in line to redeem a \$5 coupon)? The trick is to allow the VIP hosts have a personal touch and comp only what the player actually wants. The only problem is that acquisition costs for attaining premium players are growing rapidly due to intense competition and similar offerings. The bargaining power is slowly being given to the premium player, which is eating up large portions of premium player profits almost to the extent that grind joints (local market casinos that cater to the average player) are showing similar profit margins (Kilby et al., 2005). For this reason, it is vital for VIP hosts to develop a business friendship with their clients to the effect that these premium players don't want to deal with any other host (Conrad, 2006).

A good executive host program should produce two events per month with the goal of booking the available banquet space at full capacity. For example, if a banquet room could hold 200 comfortably, the host department should try booking 200 players. Database marketing is challenged by the host department with writing queries that qualifies players based upon the amount of theoretical win or actual loss per trip. A query then produces a list a players that meets the criteria set by the host department. Slot tournaments typically have the biggest attraction for slot players because it allows them to play for free with a chance to win money. However, it is redundant to producing the same offerings (Conrad, 2006). As has been said,

some guests prefer to gain different experiences. For this reason, it is also important to add other events such as a cash drawing or gift events (Kilby et. al., 2005). Cash events are only good for short-term profits. To sustain long-term market shares, tangible gifts are by far the better solution to reward play and to inspire loyal behavior. For this reason, gift events and cash events should be used evenly (Feldman, 2007). In addition to VIP events, it is equally important to have a comping system that is in line with the wants and needs of the most profitable players.

Comps

Complimentary policies should be created with two primary objectives in mind. The first primary comp objective is to ensure that an acceptable profit margin is realized. The second objective is to maximize customer satisfaction. Policies that award comps solely based upon the theoretical win ensure the casino an acceptable profit margin; however, they may fail to maximize customer satisfaction. As a result, customers that may have proved to one day be profitable are now lost forever to the competition (Kilby et. al., 2005). For example, if a player puts \$1,050 in a \$25 slot machine and bets \$75 a spin for 14 spins losing every time, he or she has an actual loss of \$1,050 (not a bad win for a casino on 14 spins). However, because the machine may have a house advantage or hold of 5%, the theoretical win is only \$52.50 ($\$1,050 \times .05$). If the player that just lost \$1,050 in less than less than five minutes were to ask for a comped room, and the comping procedures were only based on the theoretical win, he or she would be denied or offered a discount.

Comping Procedures

The comping procedures necessary for this marketing model is based upon both the theoretical win and actual casino win. A standard 20% reinvestment is a good measure and will ensure that a standard 80% ROI is shown. This means that all guests should receive 20% of the

theoretical or actual depending upon which figure is higher. However, the rule of 20% should only be a guideline a rule that is set in stone. There are exceptions to the rule that warrant comping a guest even if a loss is shown. These exceptions are typically called service recovery comps. A service recovery comp is a complimentary given to a guest that has experienced a defect in either service or product (Kolter et al., 2006). With services, there is simultaneous production and consumption leaving little to no time to fix defects. For this reason, it is important to prepare for defects by having a plan to make things right with the guest to spite losing short-term profits. Complimentary offers can be good ways to recover guests that have had bad experiences. Sometimes a good recovery strategy will improve the experience. The service recovery paradox suggests that sometimes people are more satisfied with the service recovery than if they had never experienced a problem (Kolter et al., 2006).

Summary

With a three-pronged approach to building an effective relationship-building model, maximum profit can be reached without violating any class two gaming laws. The casino industry contains sophisticated marketing tools aimed at creating relationships with guests (Kilby et al., 2005). The research collected for this paper explains the pros and cons for marketing programs such as a tiered system, loyalty program, and even VIP hosts. To effectively build relationships with guests in the casino industry, many different tactics must be in place to work together as a strategic marketing plan (Feldman, 2007). Player tracking for slots and table games are some of the most important areas of casino operations to get right; effectively managing these systems will give a casino a distinct advantage over their competition (Kilby et al., 2005). The three-pronged approach for casino marketing in a Class II environment is a tiered system, loyalty program, and VIP hosts. The tiered system provides reward points as a function of the

theoretical win. The loyalty program fills the void that is created by Class II gaming laws that inhibit markers and lines of credit, and the host department establishes relationships with the core customers by issuing comps and planning VIP events.

PART THREE

Methodology

For a casino marketing model to be successful in driving gaming revenue, it is important to provide incentives for guests to return to the property, use their player-tracking card, and manage the database that contains information necessary to identify the most loyal guests and develop relationships with them (Kilby, Fox, & Lucas, 2005). The framework for achieving the necessary goals for a marketing model has been discussed in the literature review. This section of the paper will provide the expected results from the model explained in the literature review.

The most common method of gathering primary data is through surveys (Zigmond, 2003). However, casino marketing has become database driven, which can in seconds, provide more relevant data and information than surveys that take much more time for development and execution (Kilby et al, 2005). This marketing model is no exception and is based solely on database marketing and player rating systems. Player rating systems for electronic games (e-games) are capable of tracking individual play, storing demographic player data, and among other things, summarizing gaming activity (Kilby et al., 2005). With the information given to the database marketing team by the player rating systems, the team may then mail promotional offers, qualify players for loyalty coupons, and qualify players for player development (host department).

Results

For every aspect of the casino marketing model, the main thrust is growing the database, retaining the guests that make up the database, and to deliver the “wants” to the guests. In this section, the expected results for each facet of the Native American casino marketing plan will be discussed. While each section of the marketing plan is designed for a different purpose, together,

each facet is in place to work for the same goal, to maximize customer satisfaction and gaming profit.

Expected results of the direct mail program

Direct mail promotions consist of tiered offers such as free hotel stays, meals, match plays etc. Databases are usually segmented according to a player's average daily theoretical (ADT) (Kilby et al., 2005). As these offers are more popular in repeater markets such as the Oklahoma market, the aim may be to drive an additional trip (Zigmund, 2003). However, the extended use of these offers may lead some to believe that these offers are owed to the players that qualify. For this reason, the offers must be communicated as offers, with an acceptance being shown with the redemption of the offer within the time period granted on the direct mail piece.

After the offer, acceptance, and action, casino executives should rigorously examine the effects of the direct mail offers with data generated from the property. This will allow casinos to understand which offers are the most lucrative and produce the most revenue. In addition, a thorough analysis of promotional efforts can save millions of dollars annually and possibly prevent future losses by identifying the offer limits of disloyal slot club segments (Zigmund, 2003). If a casino finds a disloyal segment, they should then aim to determine which type of guest they are. Typically, it is expected that a disloyal segment would not be the top tiered guest (fourth guest type: highly profitable with a high frequency) (Rigby & Ledingham, 2004). Any guest type other than the fourth type is possible. The direct mail program is mostly aimed at taking the third type of guest (highly profitable, low frequency) and driving an additional trip. The direct mail offers alone will not turn a highly profitable guest with a low frequency into a loyal customer (Rigby et. al., 2004). The additional trip driven will simply provide more data

on the guest and provide more opportunities for hosts to contact them either in person or over the phone.

Expected results of the loyalty program

The loyalty program is expected to generate revenue based upon the play after the coupon is redeemed. This program is a cash-back program marketed as an offer to produce an appreciative guest that doesn't feel entitled to the offer. The coupon may be delivered to the guest with a note from a host or manager thanking them for their loyalty. However, these offers must contain expiration dates if they are going to be trip-based offers. In addition, the coupons must be a once per day offer. With loyalty coupons being offered based upon a guests previous trip, several offers may be active during the same promotional period. For example, it may not be unusual for a guest to earn a \$50 and \$100 coupon in the same week. To ensure that each coupon is driving another trip, the "One coupon per day rule" must be in place to protect the casino from wasting promotional dollars.

Loyalty coupons are direct incentives to play and thus, revenue generators (Thompson et al., 1992). To determine how much revenue can be gained, a casino must look at a multitude of data generated from the database. First, a report of action after award should be looked at. This report will produce the dollars spent by the guests after the coupons were redeemed. This does not mean that during that trip, the guests that redeem loyalty coupons should be spending more money on average than the days that the guests visited without a loyalty coupon. Instead, the report should indicate that the dollars spent by the guests are dollars that may not have been spent without the coupon (Rigby et al., 2004). For this reason, it is wise to not offer coupons on the weekends. Weekend coupons should only be issued on a case-by-case basis because

weekends are usually good business days that aren't in need of promotional support (Kolter et al., 2006).

Like comps, loyalty coupons should be derived from a function of the theoretical or observable loss depending upon which figure is higher (Kilby et al., 2005). The theoretical win and actual observable loss may be two totally different figures. The two main goals of loyalty coupons are to produce profit and increase trips (Kilby et al., 2005). As stated previously, the two main goals of comps are to maximize profit and customer satisfaction. With that being said, it is not the goal of a loyalty coupon to maximize guest satisfaction or profit, but to initiate the process (Feldman, 2007).

Expected results of the tiered rewards program

The tiered reward system is designed to automatically segment the entire database of players. This system will award club points based on a formula derived from the coin-in. The accumulation of points results in offerings previously discussed in the marketing plan (direct mail offers, loyalty coupons, and executive hosts). Slot clubs alone will not build loyalty, they simply serve as tools for doing so (Kilby et. al, 2005). The tiered rewards program will create incentives for customers to use a player-tracking card while they play. The data gathered by marketers will allow casinos to understand which customers provide the most revenue, what satisfies the customers that provide the most revenue, and what may influence them to continue to return.

The casino reward points earned by the guest should be as good as cash to the property that issued the points. However, it is important to understand where the points are being used (Kolter et al., 2006). If it is found that 95% of the club points used are in the form of cash redemptions, it may be wise to offer more loyalty coupons. It is acceptable to form the rewards

program around the guest's interests as long as the right guests are being targeted. With the tiered rewards program, the best guests will be found in the corresponding tier group that contains their rating segment. For example, the most profitable guests should be in the four-star tier (fourth type of guest: most profitable and most frequent).

Expected results of an executive host program

Executive hosts are the bread and butter of gaming revenue because they focus on developing relationships with premium players (Kilby et al., 2005). Hopefully, the premium players will be loyal to the host and loyal to the property. A good hosting program has several things to offer premium players. VIP events are good ways to bring several high-worth players together to generate a big night in terms of gaming revenue generated (Kilby et al., 2005). There are several ways that databases can track the play of players that attend a VIP event. For example, some systems have tags that can be attached to player's accounts that allow the database to produce a list of people with the corresponding tag and the action that took place during that promotional period (Kilby et al., 2005). The best events take place at the casino with food and beverage and room space readily available making the event extremely cost effective considering the amount of gaming revenue that is generated (Kilby et al., 2005).

In addition to the VIP events, casino hosts must issue comps with the same goal in mind that drives the VIP events, customer satisfaction and casino profit. Executive hosts are the experts at issuing comps, and should always be evaluating play (Thompson et al., 1992). To control customer loyalty, it is wise for casinos to use property-hired hosts that work exclusively with the casino in which they are employed (Kilby et al., 2005). In addition, hosts must understand that they work for the casino and not the players. Independent hosts are only loyal to

themselves and will take premium players to the casino with that will provide them with the most compensation (Kilby et al., 2005).

Class II gaming atmospheres are limited to premium players that may have trouble accessing the cash they would like to wager (Kilby et al., 2005). For this reason, Class II casinos should partner with a third-party check cashing company that will award cash based upon the customer available balance. As stated previously, Class II gaming prohibits the use of credit to issue funds to players. Cashing personal checks are considered lines of credit because there is a risk factor associated with cashing checks (Kilby et al., 2005). A third-party check cashing company should charge a customer an acceptable fee that would mitigate some of the risks. Allowing players access to cash is an obvious improvement for a casino that would like to increase play. Casino hosts should issue comps to players that will be charged fees for receiving cash from a third-party company. This will provide more customer satisfaction and more profit for the casino (win-win situation) (Thompson et al., 1992).

Recommendations

The multifaceted marketing model created for Class II gaming properties is comprised of three programs with three different purposes. However, together, each program contributes to the common goals of acquiring, retaining, sustaining, and developing guests. To acquire guests, casinos must advertise. To retain guests, casinos must provide incentives for them to return. To sustain growth, casinos must build loyalty. To increase profit, casinos must develop guests into the top tiered rewards cardholders with relationships to executive hosts that cater to their wants and needs. The marketing model created is essential to a casino that is interested in long-term viability instead of the short-lived bingo parlors of past generations (Kilby et al., 2005).

References

- Barker, Nichole (2008). Reward your players with reward information. *International gaming & wagering*. 1, 36-36.
- Browne, Steve. (2006). Getting aarg back into your player development strategy. *International gaming & wagering*. 12, 31-31.
- Conrad, Dennis. (2006). Jumping the job description wall. *Casino journal*. 12, 32-32.
- Cravens, D. W., & Piercy, N. F. (2006). Strategic marketing (8th ed.). New York: McGraw Hill-Irwin.
- Feldman, James. (2007). A matter of loyalty. *International gaming & wagering*. 8, 12-12.
- Hurdle, Venishka. (2008). Creating a direct-mail marketing plan. *Restaurant hospitality*. 4, 20-34.
- Indian Gaming. (2004). Multi media games support new Oklahoma gaming legislation. *Indian gaming*. 4, 1-1.
- Kilby, J., Fox, J., & Lucas, A.F. (2005). Casino operations management (2nd ed.). Hoboken, New Jersey: John Wiley & Sons Inc.
- Kotler, P., Bowen, J.T., & Makens, J.C. (2006). Marketing for hospitality and tourism (4th ed). Upper Saddle River, New Jersey: Pearson Prentice Hall.
- Rigby, D.K., & Ledingham, D. (2004). CRM done right: Best practice. *Harvard business review*. 11, 118-130.
- Shani D., & Chalasani S. (1994). Exploiting niches using relationships marketing. *Journal of Business & Industrial Marketing*. 8, 10-21.
- Thompson, W.N., & Comeau M. (1992). Casino customer service: The win-win game. New York: Gaming & Wagering Business.