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# Casino Loyalty Programs within the Las Vegas Locals' Market

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Casino Loyalty Programs within the Las Vegas Locals' Market

by

Charles Andrew Baynes

Bachelor of Science  
University of Delaware  
2007

A professional paper submitted in partial fulfillment of the requirements for the

Master of Science in Hotel Administration  
William F. Harrah College of Hotel Administration

Graduate College  
University of Nevada, Las Vegas  
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Abstract

The purpose of this paper is to compare and contrast the current loyalty programs offered within the Las Vegas locals' gaming market, with the intent that the information provided may be used to shed light on other locals' markets throughout the country. As the national market for gaming has become saturated with new options, competition in new locals' markets has increased. With Las Vegas having the most established and historic locals' gaming market, the differences in loyalty programs highlighted will serve as a resource for not only those companies operating within the Las Vegas market, but also for those who may be experiencing an increase in competition within their own locals' gaming market.

Casino Loyalty Programs within the Las Vegas Locals' Market

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**Table of Contents**

Abstract ..... ii

Table of Contents ..... iii

Tables ..... v

Part I ..... 1

    Introduction ..... 1

    Purpose ..... 3

        Statement of objective ..... 3

    Justifications ..... 4

    Constraints ..... 5

    Glossary ..... 6

Part II ..... 8

    Introduction ..... 8

    The Las Vegas Locals' Gaming Market ..... 9

        Regions of the Las Vegas Valley ..... 9

        Locals' casinos within the Las Vegas Valley ..... 10

    Getting to Know the Las Vegas Local Gambler ..... 12

    Current state of Las Vegas Locals' Market ..... 19

    Casino Loyalty Programs ..... 23

        Understanding loyalty programs ..... 23

        History of casino loyalty programs ..... 24

        Casino loyalty program advantages ..... 26

        Creating loyalty by creating gaming value ..... 26

Competition among loyalty programs .....	28
Conclusion .....	29
Part III .....	30
Introduction .....	30
Methodology .....	31
Casino Loyalty Programs of the Las Vegas Locals' Market .....	32
Station Casinos – “My Card” Boarding Pass card .....	32
Station Casinos Fiesta brand – “Amigo Play” card .....	34
Boyd Gaming – B Connected .....	36
Cannery Casino Resorts – CAN Club .....	38
Arizona Charlie’s – ace   PLAY .....	40
M Resort – iMagine Rewards .....	42
Silverton – Silverton Rewards .....	44
South Point – The Club .....	46
Comparing Strategies .....	47
Tier-level standard benefits .....	47
Three-tier versus four-tier programs .....	48
Multi-tier models versus single-tier .....	49
Point-redemption models .....	50
Suggestions for Future Research .....	52
Conclusion .....	54
References .....	56

**Tables**

Table 1: Las Vegas Locals' Casinos ..... 12

Table 2: Racial and Ethnic Categories ..... 15

Table 3: Demographic Profiles ..... 16

Table 4: Gaming Frequency ..... 17

Table 5: Games Played Most Often ..... 17

Table 6: Importance Ratings of Various Features ..... 18

Table 7: Station Casinos "My Card" Boarding Pass Card ..... 33

Table 8: Station Casinos Fiesta Brand – "Amigo Play" Card ..... 35

Table 9: Boyd Gaming – B Connected ..... 37

Table 10: Cannery Casino Resorts – CAN Club ..... 39

Table 11: Arizona Charlie's – ace | PLAY ..... 41

Table 12: M Resort – iMagine Rewards ..... 43

Table 13: Silverton – Silverton Rewards ..... 45

Table 14: South Point – The Club ..... 46

Table 15: Comparison of Loyalty Program Structures ..... 47

## **Part I**

### **Introduction**

The Las Vegas Valley is home to one of the most unique gambling markets in the world, the Las Vegas Locals' market. The majority of the 2 million residents (Hardcastle, 2010) of the Las Vegas Valley live within walking distance of a slot machine, making the act of gambling a part of everyday life for a large percentage of those who reside there (Las Vegas Convention & Visitors Authority, 2008).

In 2010, Las Vegas, NV, attracted 37.3 million visitors (Las Vegas Convention & Visitors Authority, 2011) and generated \$6.2 billion in gaming revenues among The Strip & Downtown casinos, representing 70.4% of the total 2010 Clark County, NV, gaming revenues (Nevada State Gaming Control Board, 2011). Casinos outside of the standard tourist areas of The Strip, Downtown, Laughlin, and Mesquite, located throughout the remainder of Clark County, generated 23%, or \$2 billion, in gaming revenues in 2010 (Nevada State Gaming Control Board, 2011). Most of the properties outside of tourist-focused areas are built around a business model of catering to the Las Vegas area resident, otherwise known as a locals' casino, and for good reason. With 65% of Las Vegas residents visiting casinos at least occasionally during the year (LVCVA, 2008), the city represents a niche market of savvy, high frequency gamblers.

Over the past decade, the competition in the Las Vegas Valley between locals' casinos has brought about the adaptation of elaborate loyalty programs otherwise known as "slot clubs." These programs are defined as "entities in the casinos that operationalize the collection of customer data and the delivery of loyalty program benefits for slot customers" (Hendler & Latour, 2008). They serve to increase the loyalty of local Las

## CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

Vegas residents to one casino (or company) versus another and ultimately generate increased market share and revenues.

This case study will evaluate a brief history and the current state of the Las Vegas locals' gaming market, including the local Las Vegas residents that it represents. It will take a look at casino loyalty programs as a whole and how they have been adapted and developed within the past decade, specifically in terms of benefits to their members and the casinos that utilize them. The final part of this study will compare and contrast the current loyalty program structures and offerings within the Las Vegas locals' market and evaluate their key differences.

## **Purpose**

The purpose of this paper is to compare and contrast the current loyalty programs offered within the Las Vegas locals' gaming market, with the intent that the information provided may be used to shed light on other locals' markets throughout the country. The Las Vegas locals' market is defined as a *repeater market*, of which a substantial portion of guests visiting the casinos do so on a regular basis (Lucas & Kilby, 2007). As the national market for gaming has become saturated with new options, competition in these repeater markets has increased. With Las Vegas having the most established and historic locals' gaming market, the differences in loyalty programs highlighted will serve as a resource for not only those companies operating within the Las Vegas market, but also for those who may be experiencing an increase in competition within their own locals' gaming market.

## **Statement of objective.**

This paper will not serve to address or solve a specific problem; however, as the country, and gaming industry in particular, is slowly recovering from the recession that began in 2007 (and the discretionary dollars of the local gambler are still very much limited), this paper can serve as an excellent case study into the different ways casino loyalty programs can be developed and utilized to gain competitive advantages.

### **Justifications**

This research topic is applicable to the gaming industry as it serves its purpose of evaluating the different ways in which properties within a highly competitive market work towards establishing loyalty from their guests. With local repeater markets on the rise in the United States (Shoemaker & Zemke, 2005), the coming years will become increasingly difficult for operators who used to have little to no competition and now face a market with more local gambling options for the consumer. With more gaming options available, the local gambler is attracted to value and a high return rate for his or her dollar. Las Vegas has a long-established and highly competitive locals' casino market, which serves as a great example of just how difficult it can be to develop loyal patrons.

### **Constraints**

The research includes a comprehensive look at publicly available data and peer-reviewed articles, which makes up the majority of the literature review and case study portion of the paper. The constraints of this paper include a limited number of sources having collected empirical data from Las Vegas local patrons with statistics regarding membership and preferences on the different loyalty programs offered within the Las Vegas market. Another constraint results from a relative lack of abundant academic research on the Las Vegas locals' market as an entity. While some academic articles and research do highlight the growing importance of the Las Vegas locals' market, few exist that address the topic in the same detail as available articles written on The Strip and Downtown areas of Las Vegas and their specific gambling markets.

## **Glossary**

**Gaming:** The commonly used term for gambling

**Slot Club / Casino Loyalty Program:** Entities in the casinos that operationalize the collection of customer data and the delivery of loyalty program benefits for the slot customers (Hendler & Latour, 2008)

**Repeater Market:** A gaming market in which a substantial portion of guests visiting casinos do so on a regular basis (Lucas & Kilby, 2007)

**The Strip:** Approximately four-miles section of South Las Vegas Boulevard, home to some of the most recognizable casino megaresorts in the world

**Downtown:** Located north of The Strip on Las Vegas Boulevard, home to tourist-focused historic Las Vegas hotel casinos

**The Boulder Strip:** Area of eastern Las Vegas containing a high concentration of locals' oriented hotel casinos

**Locals' Market:** Area residents who actively participate in legalized gambling within their local region, as opposed to the tourists who visit the same region to participate in gambling activities (Shoemaker & Zemke, 2005)

**LVCVA:** Las Vegas Convention and Visitors Authority

**Recession:** A significant decline in activity spread across the economy, lasting for an extended period of time (over several months)

**Customer / Player Reinvestment:** All marketing expenses that are used to foster loyalty and encourage repeat visitation among members of a casino's loyalty program

**Comps:** Complimentary items offered to individuals who earn them by gambling

**Coin-In:** The total amount wagered on a slot machine, used by casinos to measure the

volume of a guest's play and a slot machine's performance

**Hold Percentage:** The percentage of coin-in that a slot machine is programmed to keep, calculated over the lifetime of the slot machine

**Optimum / Full-Pay:** Video poker machines with hold percentages below 2%

**PXPC:** Points earned by playing slot machines, based on coin-in, that are redeemable for items within the casino, free play on slot machines, food discounts, and so forth

## **Part II**

### **Introduction**

This section of the paper will serve to introduce the reader to the unique Las Vegas locals' market. It will also include an introduction into casino loyalty programs and how they are utilized in today's gaming industry.

While looking at the Las Vegas market, this literature review will provide a brief history of the locals' market within Las Vegas and the research that has focused on it, the different regions of this market, and the casino companies that operate within it. The paper will then profile the residents living in the county that make up the local gambling population, their demographic data and gambling preferences, and what they value in a casino property. Following the player profile, the paper will take a brief look at the current state of the economy within the Las Vegas Valley since the economic recession began in 2007. The review will then move on to an overview of casino loyalty programs, including a brief history of their adaptation within the gaming industry, followed by a look at the benefits to both the player and casino. The paper will evaluate research done on the validity of the claim that these clubs do in fact generate loyalty to casinos, and what (if anything) makes gamblers loyal to one establishment over another. Finally, the paper will overview the nature of the competition between slot club programs within the Las Vegas locals' market, highlighting the reasoning for comparisons within the market.

## **The Las Vegas Locals' Gaming Market**

### **Regions of the Las Vegas Valley.**

To understand the locals' gambling market in and around Las Vegas, we must first understand the lay of the land and the different regions of gambling within the Las Vegas Valley (Shinnar, Young, & Corsun, 2004). The obvious first and most notable area in Las Vegas is The Strip. Encompassing an approximate four-mile section of South Las Vegas Boulevard, this world-renowned stretch of asphalt is home to some of the most recognizable casino megaresorts in the world. From The Strip, driving north up Las Vegas Boulevard will lead you to Downtown Las Vegas. Containing some of the classic casino names of Las Vegas such as the Golden Nugget and El Cortez, this tourist-focused area is home to a number of older and smaller hotel casinos. For the purposes of this paper, The Strip and Downtown will be referred to as Non-Local or Tourist Destinations, due to their high visitor volume from out-of-state travelers and relatively low visitation from the residents of the Las Vegas Valley (LVCVA, 2008).

From the Downtown area, a short drive southeast down Fremont Street leads to Boulder Highway, aka "The Boulder Strip," which contains a high concentration of professed locals' casinos (Shinnar et al., 2004). Stretching from east Las Vegas southeast through Henderson, NV, The Boulder Strip is the destination of choice for many local residents of the eastern Las Vegas Valley for gambling and entertainment options. Other major areas of the Las Vegas Valley outside of The Strip, Downtown, and The Boulder Strip include Henderson, Summerlin, and North Las Vegas, all of which contain a number of local-resident-focused casino properties. For the purposes of this study, these areas of the Las Vegas Valley will be grouped together with The Boulder Strip to

represent the entirety of the Las Vegas locals' market. Please note that the markets of Laughlin, NV, and Mesquite, NV, which are a mix of local and tourist destinations also located within the borders of Clark County, NV (but outside the Las Vegas Valley), will be excluded from this research.

**Locals' casinos within the Las Vegas Valley.**

When the Bingo Palace, now known as Palace Station, opened its doors in 1976 it marked the first major casino in the Las Vegas Valley to be located off The Strip and outside of Downtown. Sam's Town soon followed in 1979, debuting on The Boulder Strip, catering specifically to the local resident (Smith, 2009). Over the last three decades much has changed within the Las Vegas Valley, and the distinction between "tourist" and "local" casinos within the valley have become increasingly important. A large percentage of local Las Vegas residents have stopped frequenting The Strip and Downtown areas in favor of locals' casinos (Preston, Shapiro, & Keene, 2007). This is due in part to convenience. As more locals' casinos have been built throughout the valley, their increased ease of access compared to properties located Downtown or on The Strip has moved the play of the local Las Vegas residents away from the tourist areas and into this increasingly competitive market (Roehl, 1998). The early adopters of the "neighborhood" casino business model over 30 years ago have paved the way for the current 22 hotel casinos in the Las Vegas Valley that cater specifically to locals.

The companies that make up the Las Vegas locals' gaming market, and those that will be highlighted in this report, include: Station Casinos, operator of 10 large hotel casino properties as well as 8 smaller casino-only properties within the Las Vegas Valley (Station Casinos, 2011); Boyd Gaming, operator of 16 casinos across six states, four of

## CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

which are located within the locals' market of Las Vegas (Boyd Gaming, 2011); American Casino & Entertainment Properties, which operates three casinos within the Las Vegas Valley, two of which cater specifically to the locals' market (American Casino & Entertainment Properties, LLC, 2009); and Cannery Casino Resorts, operator of four casinos, three within the Las Vegas locals' market (Cannery Casino Resorts, 2011). Additionally, three individually operated properties round out the Las Vegas locals' market, including the South Point Hotel Casino and Spa, operated by Michael Gaughan (South Point, 2011), the Silverton Casino Hotel, owned by Ed Roski Jr. (Silverton Casino, 2011), and the M Resort Spa Casino, which was recently purchased by Penn National Gaming, Inc (M Resort, 2011). See Table 1 for a complete list of the current 22 Las Vegas locals' market casinos.

Table 1

*Las Vegas Locals' Casinos*

<b>Owner</b>	<b>Property Name</b>
Station Casinos	Palace Station Hotel Casino Boulder Station Hotel Casino Sunset Station Hotel Casino Texas Station Gambling Hall & Hotel Santa Fe Station Hotel Casino Green Valley Ranch Red Rock Casino Resort Spa Fiesta Henderson Fiesta Rancho Aliante Station Casino Hotel
Boyd Gaming	Sam's Town Hotel & Gambling Hall The Orleans Hotel & Casino Suncoast Hotel & Casino Gold Coast Hotel & Casino
American Casino & Entertainment Properties	Arizona Charlie's Decatur Arizona Charlie's Boulder
Cannery Casino Resorts	Cannery Casino Hotel Eastside Cannery Casino Hotel Rampart Casino
Michael Gaughan	South Point Hotel Casino Spa
Ed Roski Jr.	Silverton Casino Hotel
Penn National Gaming, Inc.	M Resort Spa Casino

Sources: (American Casino & Entertainment Properties, LLC, 2009; Boyd Gaming, 2011; Cannery Casino Resorts, 2011; M Resort, 2011; Silverton Casino, 2011; South Point, 2011; Station Casinos, 2011)

### **Getting to Know the Las Vegas Local Gambler**

The majority of prior research concerning the gaming market and its guests is heavily focused on the tourist segment rather than the residents that make up the local markets surrounding the casinos (Zemke & Shoemaker, 2009).

The first academic study focused on the Las Vegas local gambler was conducted in 1974 by a group from the University of Michigan. Based on data from a self-report interview study, the group discovered that the average Las Vegas resident annually spent

more than triple the amount on gambling than the average U.S. resident (Yantis, Corney, Nixon, & Baxter, 1978). Similarly to the majority of self-report studies that deal with gaming, it should be noted that the result validity was brought into question by the researches due to the respondents' possible unwillingness to report the entire truth regarding their gambling habits. The question of validity applies to most all self-report gaming studies, as participants will sometimes alter their answers regarding personal gambling habits. The study focused on Las Vegas residents' gaming habits and their use of gaming properties for non-gaming activities. It also investigated whether or not gaming industry employees were more likely to visit gaming facilities during their free time. They found Las Vegas resident gambling losses were three times the national average, and that gaming industry employees were indeed more likely to frequent gaming establishments in their leisure time (Yantis et al., 1978). More recently, Shoemaker & Zemke conducted a quota sampling method study using telephone interviews of Las Vegas residents to reach similar results, finding that Las Vegas residents' annual gambling losses were three times the national average (2005).

The segment of local area resident gamblers was all but overlooked in research studies until the rise in population of the Las Vegas Valley led to the discovery and definition of the locals' market. The locals' gambling market can be defined as the local area residents who actively participate in legalized gambling within their local region, as opposed to the tourists who visit the same region to participate in gambling activities (Shoemaker & Zemke, 2005). The Las Vegas Convention and Visitors Authority (LVCVA) began researching Las Vegas visitor habits and preferences in 1975, though it wasn't until 1989 that the LVCVA began to take an interest in studying the local

residents of the Las Vegas area, kicking off a biennial *Clark County Residents Survey*, which reports on local residents' gaming habits and other leisure activities (Shoemaker & Zemke, 2005).

This literature review will use a combination of three more recent, separate profile reports of the Las Vegas local gambling population to better understand their demographics, preferences and habits. Reviewing the *2008 Clark County Residents Study* produced by the LVCVA gives an insight into the habits and preferences of the local Las Vegas gambler. The study was conducted using 1,200 telephone interviews with respondents selected at random within the Las Vegas Valley. According to the study, 65% of Clark County residents gamble at least occasionally, with 44% of those who gamble doing so at least once a week. Among the residents who gamble, 83% choose to gamble at locations other than The Strip and Downtown, of which 19% choose The Boulder Strip and 18% highlight Summerlin. Objections to gambling on The Strip and Downtown were raised by the residents, with 48% of respondents avoiding these areas due to crowds, tourists, and inconvenience (LVCVA, 2008). The LVCVA survey findings are very similar to the results achieved by Shinnar, Young, & Corsun (2004), in which they found 72.1% of respondents chose to gamble at locations within the valley outside of The Strip and Downtown. The LVCVA found that slot machines and video poker combined are the favorite of 70% of Clark County residents, with 65% of resident gamblers budgeting a minimum of \$25 a day for gaming. These numbers are similar to figures reported by Shoemaker & Zemke (2005), who found 67.7% of their respondents played video poker & slot machines most often and had a median monthly gambling budget of \$80.00.

While the LVCVA report provides insight into the gaming habits of the Las Vegas resident, it does not include data representing the demographics of Las Vegas residents or their specific reasons for visiting one establishment over another. Research by Shoemaker & Zemke (2005) and Shinnar et al. (2004) on the emergence of the locals' casino markets provides us with a more detailed look at the demographics and preferences of the Las Vegas resident gambler. Of the residents surveyed by Shoemaker & Zemke (2005), 46.8% were male and 53.2% female. The respondents were on average 43.6 years old and 52.6% were married. Their average income was \$52,300, with 59.3% of residents employed full-time. The racial and ethnic categories reported by Shinnar et al. (2004) included 79.5% White/Caucasian, 6.1% Black/African American, 7.7% Hispanic, 4.7% Asian, and 1.8% other. They do note, however, that though their percentages represent a strong correlation to the reported Nevada racial distribution, the Hispanic population is possibly slightly under-represented due to the limitation of their study being conducted only in English.

See Tables 2 – 5 for more comparisons of the demographic findings of these three studies.

Table 2

*Racial and Ethnic Categories*

<b>Category</b>	<b>Shinner et al. (2004) (n = 678)</b>	<b>Nevada</b>
White/Caucasian (Non-Hispanic White)	79.5%	65.2%
Black/African American	6.1%	6.8%
Hispanic	7.7%	19.7%
Asian	4.7%	4.5%
Other	2.0%	2.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: (Shinnar, Young, & Corsun, 2004)

Table 3

*Demographic Profiles*

<b>Category</b>	<b>Shinner et al. (2004) (n = 678)</b>	<b>Shoemaker &amp; Zemke (2005) (n = 637)</b>
<b><i>Gender</i></b>		
Male		46.8%
Female		53.2%
<b><i>Age</i></b>		
18 – 34 years	20.1%	34.7%
35 – 44 years	20.8%	22.7%
45 – 54 years	20.2%	17.0%
55 – 64 years	17.1%	14.3%
65+ years	21.8%	14.3%
<b><i>Income Category</i></b>		
Under \$10,000	7.4%	1.7%
\$10,000 – \$19,999	5.5%	6.3%
\$20,000 – \$29,000	10.0%	10.5%
\$30,000 – \$39,999	10.8%	12.6%
\$40,000 – \$49,999	6.9%	11.9%
\$50,000 – \$59,999	9.0%	13.2%
\$60,000 – \$69,999	6.6%	7.7%
\$70,000 – \$79,999	5.6%	5.8%
\$80,000+	17.3%	13.3%
<b><i>Education Attainment</i></b>		
No college education	40.0%	
Some college	20.8%	
College educated	39.2%	
Undergraduate degree	32.5%	
Post graduate degree	6.7%	
<b><i>Employment</i></b>		
Employed full-time		59.3%
Employed part-time		5.8%
Self-employed		7.1%
Not employed for pay		6.6%
Retired		18.1%
Student		1.4%
Other		1.7%

Sources: (Shinnar, Young, &amp; Corsun, 2004; Shoemaker &amp; Zemke, 2005)

Table 4

*Gaming Frequency*

<b>Category</b>	<b>Shinner et al. (2004) (n = 678)</b>	<b>Shoemaker &amp; Zemke (2005) (n = 637)</b>	<b>LVCVA (2008) (n = 784)</b>
< Once every two months	22.4%		24.0%
Once every two months	7.1%	12.4%	
Once a month	15.9%	22.4%	32.0%
Twice a month	16.5%	21.8%	
Once a week	17.3%	20.3%	17.0%
Twice a week	15.5%	18.2%	27.0%
More than 5 times a week	5.3%	4.9%	

Sources: (Shinnar, Young, & Corsun, 2004; Shoemaker & Zemke, 2005; LVCVA, 2008)

Table 5

*Games Played Most Often*

<b>Category</b>	<b>Shoemaker &amp; Zemke (2005) (n = 637)</b>	<b>LVCVA (2008) (n = 784)</b>
Slot Machines	18.1%	39.0%
Video Poker	49.6%	31.0%
Blackjack	8.6%	8.0%
Poker	3.3%	7.0%
Bingo	4.2%	4.0%
Keno	3.8%	3.0%
Race/Sports book	4.2%	2.0%
Other video	3.1%	2.0%
Other	5.1%	5.0%

Sources: (Shoemaker & Zemke, 2005; LVCVA, 2008)

After looking at the Las Vegas local resident gamblers' demographic make-up and what types of games they prefer to play, it is also important to highlight research on what is important to them. Shoemaker & Zemke (2005) conducted a detailed survey of Las Vegas resident gamblers to determine what attributes of a casino were important or not important in their decisions to visit a specific casino property. For the purposes of their survey of 637 respondents, they chose to use a 10-point scale to determine an attribute's importance and categorized attributes with a mean score of 6 or greater as

“important” to Las Vegas residents. Of the 25 features that were asked about, 18 of them received a mean score of 6 or above, with the top three attributes scoring above 8.

According to the research, the top three attributes were: “Easy drive from where I live,” followed by “Employees are friendly and courteous,” and “You feel safe there.” See Table 6 for their full list of results.

Table 6

*Importance Ratings of Various Features*

<b>Feature</b>	<b>Mean Score</b>	<b>Std. Dev.</b>
Easy drive from where I live	8.24	2.42
Employees are friendly and courteous	8.20	2.14
You feel safe there	8.20	2.49
A good place to take out-of-town guests	7.86	2.51
Convenient parking is always available	7.77	2.53
Past experience at that casino	7.66	2.42
Want to eat at one of the restaurants on the property	7.63	2.58
Restaurant I eat at on the property offers great price value	7.49	2.62
Machines pay off better	6.89	3.17
It is a place I play at regularly	6.72	3.05
Cashiers cage is properly staffed so lines are short	6.37	2.95
Can get change in a timely manner	6.33	3.01
Realistically, a hotel where I would stay if I was visiting LV	6.28	3.15
It is a place my friends like to go to	6.27	3.08
It seems to have better odds than other places	6.19	3.17
You can get complimentaries	6.15	3.31
Drink orders are taken, delivered in a timely manner	6.12	3.17
A place that makes me feel more special than other places	6.11	3.01
The type of people that play there are like me	5.68	3.12
The slot machines are filled in a timely manner	5.67	3.20
The table limits are within my comfort range	5.33	3.46
The types of promotions offered	5.11	3.04
Always have good entertainment in the bars, lounge areas	4.80	3.14
Receive a mailing from the casino	4.79	3.30
The benefits provided by the slot club	4.49	3.39

Source: (Shoemaker & Zemke, 2005)

Based on Shoemaker & Zemke’s research, it appears that as of 2005 the benefits of casino loyalty programs and marketing efforts, such as mailers and promotions, are of

less significance to the Las Vegas resident gambler than features such as convenience and quality of service. Six years have passed, however, and it would seem that the importance of these value-based benefits is starting to climb into the forefront of the minds of the Las Vegas local. The 2008 LVCVA study of Local Residents reports that 77% of Las Vegas resident gamblers were members of a casino slot club or player's club. Important to note is that 86% of residents 60 years old and above and 83% of retired residents were especially likely to belong to a players' club (LVCVA, 2008).

These results establish that the Las Vegas local gambler represents a fairly wide range of incomes, age ranges, and education levels. In large, they prefer slot machines and video poker machines to table games, and they gamble much more frequently than the average U.S. citizen. Las Vegas local gamblers value convenience over all else and expect to be treated well, but they are not after all the bells and whistles that are associated with the casino megaresorts of The Strip. They are budget-minded, recognize value for their dollar, and will choose where they gamble based on a number of different factors.

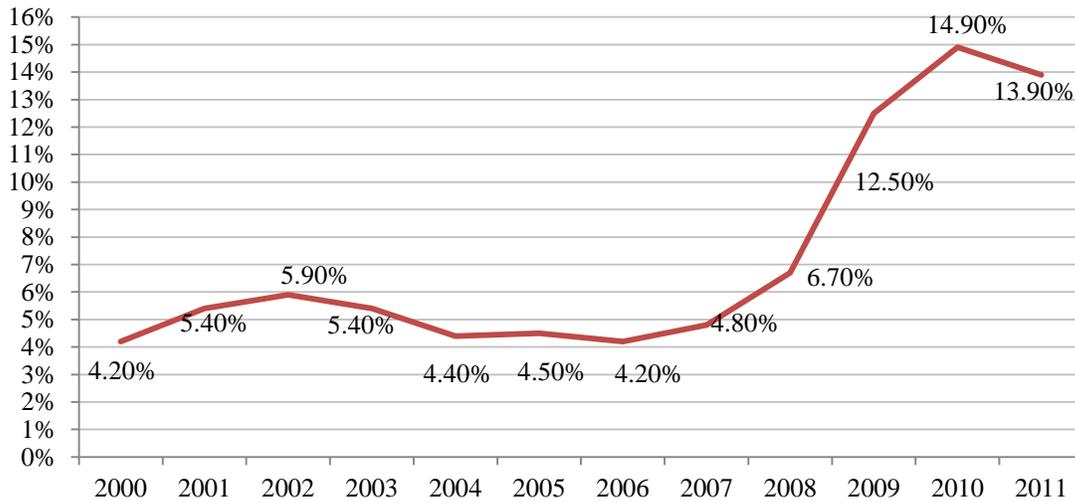
Keeping these points in mind, it is important to explore the change in the economic situation of Las Vegas since the beginning of the economic recession in 2007. In the next section, the current economic state of Las Vegas residents will be reviewed.

### **Current state of Las Vegas Locals' Market**

Las Vegas residents and businesses have been suffering since the beginning of the national recession in late 2007. As Las Vegas ends the first quarter of its fourth year in recession, residents hope the recession has finally hit the bottom. One in ten homes in the

city of Las Vegas was in some state of foreclosure in 2010, almost five times the national rate (The Economist, 2011). With the unemployment rate the highest in the country (Figure 1), the once-labeled “fastest growing metro area in the United States” (Ventura, 2003) is currently estimated to have lost more than 90,000 residents since July 2008 by the Nevada demographer (Coolican, 2010).

Figure 1: Nevada Unemployment Rate



\*Seasonally Adjusted - Source: (Research and Analysis Bureau, Nevada Department of Employment, Training & Rehabilitation, 2011)

The poor state of the housing and job markets within the Las Vegas Valley caused significant profit losses for casinos throughout the city in both tourist and local markets. In Figures 2 – 4 below the significant losses suffered by the gaming industry in Nevada are highlighted. Clark County has lost 21% of gaming revenues since its highest point in the fourth quarter of 2006, and The Boulder Strip, representing the locals’ market, is down a staggering 30% from the first quarter of 2006. This represents a fair picture of the

current state of the entire locals' segment of the market.

Figure 2: Clark County Gaming Revenue

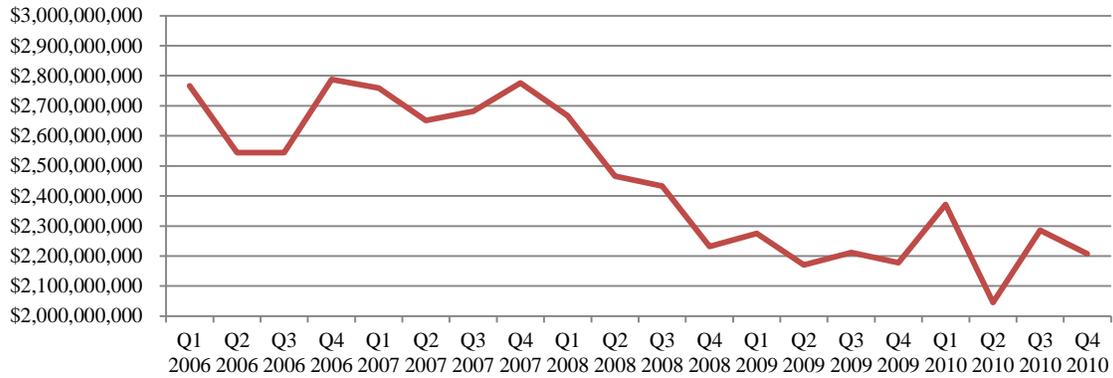


Figure 3: The Strip Gaming Revenues

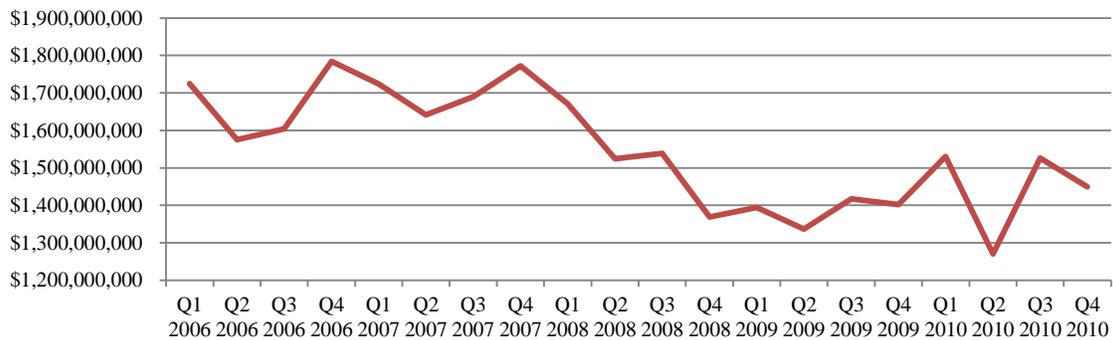
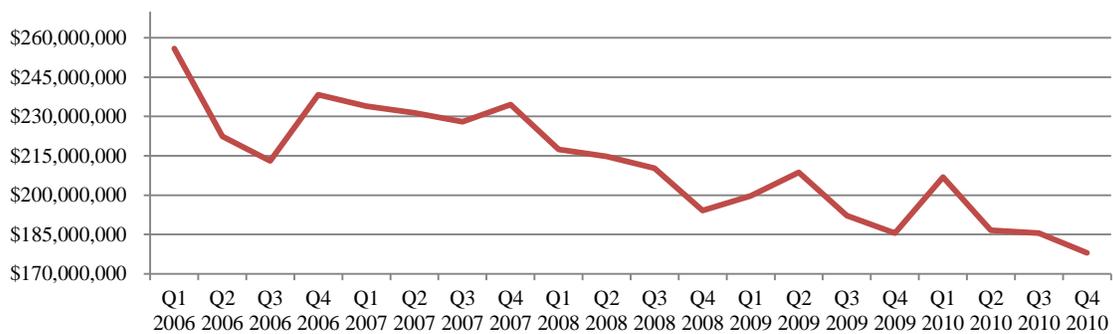


Figure 4: Boulder Strip Gaming Revenues



Source: (Nevada State Gaming Control Board, 2011)

With a shrinking market of local residents, many of whom are out of work or have less discretionary cash to spend, local casino companies have turned to their marketing divisions to drive headcounts back to their casino floors. The locals' casino

market has become a bidding war, with newer and more aggressive promotions and incentives being introduced to the market more frequently than anytime within the past decade.

Currently, all of the major locals' casinos in Las Vegas offer some sort of "loyalty program" or "slot club" to reward local resident gamblers for their play at the casino in an attempt to promote brand loyalty and increase market share and revenues.

### **Casino Loyalty Programs**

#### **Understanding loyalty programs.**

Termed as Customer Relationship Management (CRM), Customer Reinvestment, or Player Reinvestment, the practice and study of rewarding guests for their play in the gaming industry is nothing new (Klebanow, 2009). Gaming companies have rewarded their prime players since the beginning through the use of casino hosts and pit-bosses, individuals who specialize in taking care of guests' personal arrangements and creating customized and lasting relationships to keep the most valuable players coming back. As the gaming industry has evolved and grown there has been an exponential increase in the technological sophistication of gaming floors, coupled with a growing need to create value for the casino guests who frequent them. No longer are casinos limited to handing out "comps" (complimentary items) through hosts and pit-bosses alone, more recently most casino comps are issued via frequent-gambler loyalty card programs (Pearlman, 2007). "Slot clubs" or "Loyalty clubs" are the evolution of traditional CRM practices in an attempt to not only create relationships and provide rewards to players, but also to

benefit the casinos that utilize them, offering detailed data of their guests' habits and preferences (Hendler & Latour, 2008).

Klebanow (2009) defines player reinvestment as "all marketing expenses that are used to foster loyalty and encourage repeat visitation among members of a casino's loyalty program." His research continues by defining the key components that are attributed to player reinvestment costs:

1. Earned points redeemable for same-day cash back
2. Slot credits: Non-negotiable points accumulated by the player, which are redeemable at the slot machine in the form of additional game credits.
3. Comps: Taking many different forms, casino comps make up the majority of player reinvestment. Players earn points via their play on the casino floor, which can be redeemed for meals, show tickets, hotel stay discounts, etc.
4. Free play offers: Free slot credits are awarded to players' accounts as part of promotions and sometimes used to celebrate birthdays or other events. Based on the casino's program these slot credits can be awarded in a number of ways.
5. Direct mail: Player information is used to communicate with them via direct mail offerings. These promotions may include, but are not limited to, cash mailers, food comps, entertainment and hotel offers, customized mail offers (celebrating birthdays, anniversaries), and so forth.

(Klebanow, 2009)

### **History of casino loyalty programs.**

While these types of programs have become somewhat of a commodity within the last decade, available in nearly every casino in the country, it wasn't always the case. Though Harrah's Entertainment Inc. is largely acknowledged as the leader of the modern-day casino loyalty program and customer database marketing (Rosen, 2000), the Pioneer Club Hotel & Gambling Hall in Laughlin, NV is credited with developing the first slot club back in the late-1970s (Palermo, 1991). Over the past 30 years the slot club has grown in popularity; however, the idea was initially met with mixed reviews from players and casino operators alike. While the early adopters such as the Golden Nugget and Gold Coast were spending millions of dollars in the late 1980's to install player-tracking systems, the naysayers at the time included such properties as Palace Station and Arizona Charlie's, two of the most recognizable names in today's locals' market of Las Vegas (Pledger, 1994).

While the new concept of "slot clubs" was being introduced to the gambling public, touting earned points and achievable comps, they were also being regarded by some as a growing barrier between casinos and the individual attention of guests. Fred Kiser, Vice President of Marketing for Becker Gaming's Arizona Charlie's brand, at the time remarked, "We want to know the profile of our customers and we do that by giving personal attention. We like to go over to a customer and say, 'Hi, Joe' ... They don't keep coming back to us for slot clubs, we don't have one. They like the personal attention ... We don't have to put them in a computer and turn them down for a complimentary show or restaurant because they missed the number of points needed for that day. This happens in other places" (Pledger, 1994). Similarly, Blake Sartini, Vice President of Casino

Operations for Palace Station in 1991, noted, "Players don't want pots and pans ... They want loose slots". Mary McDonald, manager of the Gold Coast's slot club in 1991 (of some 183,000 members), responded with the question, "Are you going to go someplace and lose ... or are you going to go someplace where, even if you lose, you can at least walk out the door with 5,000 points that, eventually, will be worth something?" (Palermo, 1991).

Over time, the initial resistance expressed by gaming companies to develop loyalty programs has faded, as evidence of the fact that currently 77% of the resident local gamblers of Las Vegas report belonging to at least one slot club (LVCVA, 2008). Similarly within the Las Vegas locals' market, roughly 75% of all gaming revenue is derived from customers who are members of loyalty programs, also known as "carded win" (Klebanow, 2009). This means that three out of every four players on the floor of a locals' casino are playing with a membership card inserted into their machine of choice.

#### **Casino loyalty program advantages.**

Increasingly, casinos are utilizing the power of database marketing and loyalty programs to offer special promotions, free-play, and comps to improve yield and encourage repeat patronage (Lucas, Dunn, & Singh, 2005). Casinos have historically wanted to know everything they can about the guests that gamble on their floors. With loyalty club membership recording player data such as age, birth date, game preference, frequency of play, average wager, area of residence, and so forth, casino companies are learning more than ever about their guests. Coupled with their ever-increasing databases of player information, casinos are now able to easily customize promotions and offers tailored to specific customer segments and individual customers alike. Casinos are also

able to extend these offers to a much larger segment of their players than prior to the days of loyalty programs, when just a small portion of high rollers would be the beneficiaries of such customized promotions.

By targeting the middle-market gamblers and reaching out to even infrequent gamblers, casinos utilize their loyalty programs in efforts to cultivate and build brand loyalty among their card members (McKim, 1999).

**Creating loyalty by creating gaming value.**

Casino loyalty programs are designed to create gaming value for their members and in turn produce a more satisfied and loyal guest. Due to relatively frequent visitation, casinos in repeater markets (when compared to leisure gambling markets) have had to develop different types of marketing strategies to lure in guests who have multiple local gambling options (Lucas & Kilby, 2007). Research by Lucas (2003) on the satisfaction of slot players in Las Vegas highlights the positive relationship between the guest's perception of gaming value and their overall satisfaction with their slot-playing experience. Lottery promotions, direct mail offers, and free play offers are examples of some marketing techniques used most frequently in these markets to assist in generating gaming value for the guest (Lucas & Kilby, 2007). Along with promotional offers, locals' casino gamblers are more likely to have expectations with regards to time on device, or length of play for their wager. Because the rapid loss of gambling funds is unlikely to increase loyalty, casinos operating in these local markets typically set up their slot machines to have lower par percentages to increase their guests' time on device (Lucas, Singh, & Gewali, 2007). These findings are mirrored by the results of focus groups conducted by Mayer, Johnson, Hu, & Chen (1998), whose participants

identified the “looseness” of slot machines and length of time on device as relative measures of perceived gaming value.

Prior research on slot clubs as catalysts of casino loyalty conducted by Hendler & Latour (2008) suggest that “local” casino guests understand the value of these programs and are able to estimate the cost of returns. Their research indicates that locals “consider club benefits an entitlement, a self-acquired right,” and note that local gamblers see their play within the casinos as an investment, “expecting appropriate returns and clear criteria to qualify for benefits” (Hendler & Latour, 2008).

While the local gambler may understand the potential value of membership within a casino loyalty program, the majority of available published research finds that casino promotions, including loyalty programs, ultimately fail to produce increased cash flow for casinos (Lucas, Kilby, & Dalbor, 2004). Hendler & Latour (2008) suggest that instead of cultivating a relationship based on guest loyalty, casinos and guests have developed a business relationship, based on “give and take” through the use of loyalty programs. When local customers feel that their contribution or expectations are not met with appropriate eligibility for benefits, there is a sense of frustration and anger. This type of relationship encourages players to become members of multiple loyalty card programs, where customers are able to take advantage of the promotion of multiple offers from several casino brands. This behavior has been defined as “polygamous loyalty” (Lucas et al., 2005).

By becoming a commodity, loyalty programs are ineffective in generating loyalty to a specific brand and have rather become complementary to the consumer’s experience rather than a driver of business (Cedrola & Memmo, 2010). Similar to the findings of

Shoemaker & Zemke, 2005 (see Table 6), Lucas (2003) found through research that instead of loyalty programs and their benefits, the biggest drivers of casino guest loyalty tend to focus on convenience, guest service, environment cleanliness, guest comfort, and perceived value.

**Competition among loyalty programs.**

With such a niche market of gamblers, the Las Vegas locals' market is home to a number of highly competitive, yet similar, loyalty programs. With loyalty difficult to manage, and the abundance of comparable options within such a relatively small area that is the Las Vegas Valley, a major issue with the offering of loyalty programs is that the direct economic benefits issued to the guests in turn translate into alternative forms of discounts and promotions that are easily copied by the competition (Hendler & Latour, 2008). Hendler & Latour (2008) refer to the phenomenon of casinos feeling obligated to constantly match benefits of other programs as a "price war" and a "potential discounting death spiral." Mimicking promotions from the competition is a practice that stems from the earliest days of the gaming market, and loyalty program benefits are no exception. Casino operators keep a close eye on the competition and their offerings, making competitive advantages within the realm of loyalty marketing sometimes difficult to generate (McKim, 1999). Casino operators, especially those within the locals' market of Las Vegas, do, however, differ in their opinion on what loyalty program options are most attractive to their guests. While the basic structure of the programs may be similar, the player reinvestment rates and point system structures remain a focal point in today's marketing campaigns.

## **Conclusion**

With a weakening market comprised of value-seeking resident gamblers, local casino companies of the Las Vegas Valley are operating in a highly competitive market. The need to increase market share and revenues is ever-present in the minds of owners and operators with ever-decreasing revenue margins. Therefore, it is becoming increasingly necessary to differentiate offerings in the mind of the consumer, and operators in the Las Vegas locals' market have turned to their loyalty marketing departments looking for answers. While prior research does not necessarily support the hypothesis of casino loyalty programs as significant drivers of guest loyalty or as tools that create significant competitive advantage, the Las Vegas locals' market is none-the-less heavily invested in the utilization and marketing of these programs. The next section of this research will highlight the loyalty program offerings of the current 22 locals' casinos within the Las Vegas Valley, investigate their similarities and differences, and will suggest further research options.

### **Part III**

#### **Introduction**

The paper's third section will use the discoveries from the literature review and go into a more detailed look of the current standard benefits offered by the slot clubs within the locals' casino market of the Las Vegas Valley. With seven companies operating twenty-two large-scale locals' casinos within a relatively short driving distance of one another, fierce competition exists between marketing campaigns and promotions offered to lure in the local residents. While the basic concept and structure of many of these local loyalty clubs are similar, there are differences in the way they provide value to their guests.

The next part of this section will take a look at the standard advertised benefits of the local loyalty clubs within the Las Vegas locals' market. It is important to note that the benefits discussed in the following section are benefits that are publicly advertised through casino-published literature (at the properties, through media, and websites). Most casinos will offer additional "limited-time" benefits to their slot club members through limited-time promotions and advertising campaigns, event promotions, direct-mail advertisements, point multipliers, and more. Those types of "temporary" benefits will be excluded from the following discussion, as many of those types of promotions are either not advertised publicly or not available to all members of the loyalty programs. What will be focused on are the standard benefits of each company's loyalty program benefits that are entitled to each member as of the day of their sign-up with the program.

**Methodology.**

The data for this portion of the paper was collected through physical visits to the individual casino companies to gather information regarding the standard benefits offered by their loyalty programs. The data presented is available to the public through informational pamphlets and flyers available at the individual casinos' loyalty program counters at the properties' locations, as well as on the majority of the casino companies' websites. The data was collected in early April of 2011 and compiled to be reviewed in a uniform table-style layout.

## **Casino Loyalty Programs of the Las Vegas Locals' Market**

### **Station Casinos – “My Card” Boarding Pass card.**

The Station Casinos' Boarding Pass program is the most robust loyalty program in Las Vegas. With its benefits applying to and being available to earn and redeem at eight of Station Casino's ten local casino properties, the program is easily the largest in the Las Vegas Valley. The Boarding Pass program is a tiered system with 5 tiers of player levels according to their points earned within a three-month period. After earning a tiered status within a three-month time period, members have that tier's benefits available to them for the following six months and must continue their play level to retain their tier status. A single point (1) is earned for each \$1.00 of coin in on slot machines and video poker machines, with \$4.00 = 1 point on full-pay video poker machines (otherwise known as “Optimum” machines). The points are redeemable for food, with 600 points = \$1.00, or for free slot play (“PXPC”) with 1,000 points = \$1.00. At Station Casinos you are unable to redeem points earned for cash back offers. For those who play table games as well, points can be earned while playing table games based on a calculation of your average bet times the length of time played.

The five attainable tiers are “Preferred,” 0 – 499 Points, “Gold,” 500 – 74,999 Points, “Platinum,” 75,000 – 224,999 Points, “President,” 225,000 – 749,000 Points, and “Chairman,” 750,000+ Points. Each tier has increasing discounts and amenities offered to its members. Food discounts are the main benefits, which are shared by all tier levels. Once the Platinum tier has been reached, additional benefits of VIP Parking, discounts on cash sales, and “Travel Bucks” (points available towards travel vacations) can be earned.

Table 7

*Station Casinos "My Card" Boarding Pass Card*

Station Casinos "My Card" Boarding Pass Card Details	
<b>Points</b> Slots Video Poker Video Poker - Optimum Table Games (Theo) Redeem points - Food Redeem points - Cash PXPC Expire After	\$1 Coin In = 1pt \$1 Coin In = 1pt \$4 Coin In = 1pt 600points = \$1 N/A 1,000points = \$1 13 months no activity
<b>Card Status</b> Earning For Status - Slots Earning For Status - Video Poker Earning For Status - Table Games  <b>Tier 1</b> Eligibility Food Points Gift Shops Other Perks  <b>Tier 2</b> Eligibility Food Points Gift Shops Other Perks  <b>Tier 3</b> Eligibility Food Points Gift Shops Other Perks  <b>Tier 4</b> Eligibility Food Points Gift Shops Other Perks  <b>Tier 5</b> Eligibility Food  Points Gift Shops Other Perks	3 months to earn, 6 months to reap benefits \$1 Coin In = 1 point \$1 Coin In = 1 point Average Bet x Hours Gold 250, Platinum 2500, President 5,000, Chairman 15,000 Preferred 0-499 points  Gold 500-74,999 points 25% off buffet with points  15% off cash sales  Platinum 75,000-224,999 points 50% off buffet with points  20% off cash sales Travel Bucks 1,200 points = \$1 up to \$4k, VIP Parking President 225,000-749,000 points 75% off buffet with points & 10% Restaurant Cash Discount  25% off cash sales Travel Bucks 1,000 points = \$1 up to \$4k, VIP Parking, Priority Restaurant seating, VIP Movie Booth, Valet 1st car up, VIP Hotel Check In Chairman 750,000+ points 75% off buffet with points & 20% Restaurant Cash Discount, 25% off cash catering events  25% off cash sales Travel Bucks 1,000 points = \$1 up to \$8k, VIP Parking, Priority Restaurant seating, VIP Movie Booth, Valet 1st car up, VIP Hotel Check In, Limo Access, VIP Concert Meet & Greet

**Station Casinos Fiesta brand – “Amigo Play” card.**

Station Casinos offers a separate loyalty program at their two “Fiesta Brand” properties of Fiesta Rancho and Fiesta Henderson. Though similar to the Boarding Pass program, there are some differences. The points earned for food, movies, spa, and so forth, at Fiesta properties are available to be redeemed at all ten Station Casinos properties; however, Amigo points earned towards free slot play are only available for redemption at the two Fiesta properties.

The points are earned in the same incrementation as the Boarding Pass card, however, the Fiesta brand offers a slightly more generous 600 Points = \$1.00 for free slot play compared to the Boarding Pass card’s 1000 Points = \$1.00. The same three months to earn, six months to redeem policy applies to points in an account and tier status achieved. The Fiesta loyalty program offers three distinct tier levels starting with the “Compadre,” 0 – 59,999 Points, “Macho,” 60,000 – 224,999 Points, and “El Presidente,” 225,000+ Points. The benefits beyond food discounts and cash sales discounts are somewhat limited due to the Fiesta properties containing fewer luxury amenities compared to many of the other Station Casinos properties, so points earned by the top-tier players have been made available for use at all Station properties for this reason.

CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

Table 8

*Station Casinos Fiesta Brand – “Amigo Play” Card*

Station Casinos Fiesta Brand – “Amigo Play” Card Details	
<b>Points</b> Slots Video Poker Video Poker - Optimum Table Games (Theo) Redeem points - Food Redeem points - Cash PXPC Expire After	\$1 Coin In = 1pt \$1 Coin In = 1pt \$4 Coin In = 1pt  600points = \$1 N/A 600points = \$1 13 months no activity
<b>Card Status</b> Earning For Status - Slots Earning For Status - Video Poker Earning For Status - Table Games <b>Tier 1</b> Eligibility Food Points Gift Shops Other Perks <b>Tier 2</b> Eligibility Food Points Gift Shops Other Perks <b>Tier 3</b> Eligibility Food Points Gift Shops Other Perks	3 months to earn, 6 months to reap benefits \$1 Coin In = 1 point \$1 Coin In = 1 point Average Bet x Hours Compadre 0-59,999 points 25% off buffet with points & 15% off points at restaurants  15% off cash sales  Macho 60,000-224,999 points 50% off buffet with points % 20% off points at restaurants  20% off cash sales VIP Parking, Priority Room Reservations El Presidente 225,000+ points 50% off buffet with points & 25% off points at restaurants  25% off cash sales VIP Parking, Priority Room Reservations

**Boyd Gaming – B Connected.**

Boyd's loyalty model shares similarities with both Station Casino loyalty programs, with slightly different point incrementation and time limitations. Boyd awards 1 Point for each \$1.00 of coin in on video slots and video poker, with \$2.00 = 1 Point on full-pay video poker and select bar games. Like Station, when it comes time to redeem your points, 600 Points = \$1.00 for food, with 1,000 Points = \$1.00 of PXPC. Boyd, however, also allows its members to redeem their points for cash back, at the rate of 1,000 Points = \$1.00 cash back.

Boyd utilizes a three-tier system. The first level is "Ruby," 0 – 29,999 Points, the second level is "Sapphire," 30,000 – 249,999 Points, and top-level is "Emerald," 250,000+ Points. Like the Station Casinos programs, the bottom level is limited in its benefits to food discounts, while the top two tiers are rewarded with more substantial amenities including separate "priority lines," room upgrades, and more. Like Station's program, once a tier level is achieved it is available for a six-month period to the member; however, Boyd bases tier status off of a six-month play time period versus Station's three-month play window.

Boyd also encourages its members to cash their paychecks on property with a "Paycheck Plus" program, which gives the members a chance to win up to \$10,000 of free slot play, cash, and so forth, through a kiosk-based promotion after cashing a paycheck within the casino.

CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

Table 9

*Boyd Gaming – B Connected*

Boyd Gaming – B Connected Details	
<p><b>Points</b>                      Slots                      Video Poker                      Video Poker - Optimum                      Table Games (Theo)                      Redeem points - Food                      Redeem points - Cash                      PXPC                      Expire After</p>	<p>\$1 Coin In = 1pt                      \$1 Coin In = 1pt                      \$2 Coin In = 1pt (select Bar Games)                        600points = \$1                      1,000points = \$1                      1,000points = \$1                      12 months no activity</p>
<p><b>Card Status</b>                      Earning For Status - Slots                      Earning For Status - Video Poker                      Earning For Status - Table Games  <b>Tier 1</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks  <b>Tier 2</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks    <b>Tier 3</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks</p>	<p>6 months to earn - Keep it for 6 months                      \$1 Coin In = 2 points to card score                      \$1 Coin In = 1 point to card score                      Score Increases based on length of play, average bet and type of game                      Ruby                      0-29,999 Card Score                      40% off dining with points = 600points = \$1                        10% off cash &amp; point sales                      BConnected Online available for discount room rates                      Sapphire                      30,000-249,999 Card Score                      40% off dining with points = 600points = \$1                      2x Points - 24/7                      15% off cash &amp; point sales                      Bonus on Points, Upgrade Gift, Priority Lines, Room Upgrades,                      Complimentary Resort Fee, Priority Slot/Valet Service, BConnected Online                        Emerald                      250,000 + Card Score                      40% off dining with points = 600points=\$1                      3x Points - 24/7                      20% off cash &amp; point sales                      Upgrade Gift, VIP Hotel Check In, Room Upgrades, Priority Slot/Valet,                      Complimentary Resort Fee, Private Invites(based on play),                      Emerald Parking, BConnected Online, and more.</p>
<p><b>Paycheck Program</b>                      Perks</p>	<p>Paycheck Plus. Win up to \$10,000! Kiosk based promotion where you win FSP, food, t-shirt, multiplier, cash, etc.</p>

**Cannery Casino Resorts – CAN Club.**

The Cannery's CAN Club program also features a tiered three-level system of rewards, with a more generous point offering than that of Boyd or Station Casinos. The CAN Club gives its members 400 Points = \$1.00 for all categories of food, PXPC, or cash back. Slightly different is that they increment the amount it takes to earn points with 1 Point = \$1.00 coin in on slots, 1 Point = \$2.00 coin in for video poker, and 1 Point = \$4.00 coin in for full-pay video poker games. The tiered levels must be earned within a 90-day period and then are available for the following 90 days from the final day of play. Like the prior two programs, table-game play earns points based on length of play, average bet placed and game type.

The CAN Club's tier levels start with the "Can Club" card, 0 – 4,999 Points, followed by the "Frequent Flyer," 5,000 – 50,000, and the "High Flyers" at the top level with 50,000+ Points. With similar amenities offered to its tier members as the previously discussed programs, the CAN Club rewards their bigger players with VIP treatments and larger discounts. The CAN Club members also can receive a paycheck cashing bonus like the Boyd club, where the CAN Club members cash their paycheck at the cage within the casino and then play a mini bingo-style video game at the cage, which may win them free slot play, goods, or gifts.

CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

Table 10

*Cannery Casino Resorts – CAN Club*

Cannery Casino Resorts – CAN Club Details	
<p><b>Points</b></p> <ul style="list-style-type: none"> <li>Slots</li> <li>Video Poker</li> <li>Video Poker - Optimum</li> <li>Table Games (Theo)</li> <li>Redeem points - Food</li> <li>Redeem points - Cash</li> <li>PXPC</li> <li>Expire After</li> </ul>	<ul style="list-style-type: none"> <li>\$1 Coin In = 1pt</li> <li>\$2 Coin In = 1pt</li> <li>\$4 Coin In = 1pt</li> <li>400points = \$1</li> <li>400points = \$1</li> <li>400points = \$1</li> <li>12 months no activity</li> </ul>
<p><b>Card Status</b></p> <ul style="list-style-type: none"> <li>Earning For Status - Slots</li> <li>Earning For Status - Video Poker</li> <li>Earning For Status - Table Games</li> <li><b>Tier 1</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> <li><b>Tier 2</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> <li><b>Tier 3</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> </ul>	<ul style="list-style-type: none"> <li>Earn and keep status for 90 days</li> <li>\$1 Coin In = 1 point</li> <li>\$2 Coin In = 1 point</li> <li>Based on length of play, average bet, and game type</li> <li>Can Club</li> <li>0-5,000 points</li> <li>10% off cash &amp; point sales</li> <li>Free play offers, dining discounts, tournament invites</li> <li>Frequent Flyer</li> <li>5,000-50,000 points</li> <li>20% off cash &amp; point sales</li> <li>Bonus Packs, Free play offers, dining discounts, tournament invites</li> <li>High Flyers</li> <li>50,000 + points</li> <li>10% off cash sales</li> <li>30% off cash &amp; point sales</li> <li>VIP lines, VIP Parking, Bonus Packs. VIP Hotel Check In, Preferred Concert Seating, Free play offers, dining discounts, tournament invites</li> </ul>
<p><b>Paycheck Program</b></p> <ul style="list-style-type: none"> <li>Perks</li> </ul>	<ul style="list-style-type: none"> <li>Cash paycheck to play bingo game. Win FSP, food, gifts, etc.</li> <li>You play a bingo game on a monitor at the cage.</li> </ul>

**Arizona Charlie's – ace | PLAY.**

Much like many of the other local loyalty programs of the Las Vegas Locals' market, the ace | PLAY program at the Arizona Charlie's properties offer a three-level tiered card system. They award 1 Point = \$1.00 coin in on slot machines like all other programs, but are less liberal with video poker, requiring \$4.00 coin in = 1 Point, and \$8.00 coin in = 1 Point on full-pay video poker machines. The redemption rate of points is within range of the other programs, with 600 Points = \$1.00 in all categories of food, PXPC, and cash back. Table game players are not eligible to earn ace | PLAY points.

The ace | PLAY program at Arizona Charlie's properties is a little different in the way it calculates the tier levels of each player, using a "Tier Credits" system rather than strictly basing the card levels off of points earned. Tier Credits are calculated by taking into consideration the amount of time played, the types of game played, denomination, and the average bet; however, the mathematical model to determine what amount of play is equal to a single Tier Credit is unavailable to both the public and ace | PLAY members alike. The program uses three levels of card status, "Play Blue" for 0 – 99 Tier Credits, "Play Green" for 100 – 249 Tier Credits, and the top level of "Play Red" for 250+ Tier Credits.

Much like Boyd and Cannery, ace | PLAY members are also encouraged to cash their paychecks at the casino. Loyalty card members have a chance to win \$10,000 in free slot play, food, gifts, and so forth, through a swipe & win program at the loyalty card kiosks on property.

CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

Table 11

Arizona Charlie's – ace | PLAY

Arizona Charlie's – ace   PLAY Details	
<b>Points</b> Slots Video Poker Video Poker - Optimum Table Games (Theo) Redeem points - Food Redeem points - Cash PXPC Expire After	\$1 Coin In = 1pt \$4 Coin In = 1pt \$8 Coin In = 1pt  600points = \$1 600points = \$1 600points = \$1 13 months no activity
<b>Card Status</b> Earning For Status - Slots Earning For Status - Video Poker Earning For Status - Table Games <b>Tier 1</b> Eligibility Food Points Gift Shops Other Perks <b>Tier 2</b> Eligibility Food Points Gift Shops Other Perks <b>Tier 3</b> Eligibility Food Points Gift Shops Other Perks	Evaluated Every 4 Months Time, Games, Denom, Etc Time, Games, Denom, Etc None Play Blue 0-99 Tier Credits 25% off buffet & 10% off Restaurants  2,000 points = \$4 comp dollars for cigarettes Priority 800 # Play Green 100-249 Tier Credits 25% off buffet & 10% off Restaurants 2 x Points 2,000 points = \$4 comp dollars for cigarettes Priority 800 #, priority service at cage, buffet, outlets, rewards center Play Red 250 Tier Credits 25% off buffet & 10% off Restaurants 3x Points 2,000 points = \$4 comp dollars for cigarettes, Plus 1 Free Pack a day. Priority 800#, priority service at cage, buffet, outlets, rewards center, Executive Casino Host service.
<b>Paycheck Program</b> Perks	\$10,000 Paycheck Poker. Swipe Card & win food, gifts, FSP, drawing entries.

**M Resort – iImagine Rewards.**

The M Resort offers the iImagine Rewards program for its guests, boasting a value of 333 Points = \$1.00 for food, cash back, and PXPC. Slot games and video poker games earn points at 1 Point = \$1.00 coin in, with full-pay video poker games set to reward 1 Point = \$4.00 coin in. Table game players earn points by using a calculation of average bet times their duration of play. Players have three months to earn one of three tiered status levels and six months to enjoy the benefits.

The first tier level “Gold” is for players with 0 – 99,999 Points, second level “Platinum” is for 100,000 – 299,999 Points (or \$100 average bet \* 20 Hours for table games), and the top tier of “M Card” is for those with 300,000+ Points earned within a six-month period (or \$350 average bet \* 20 Hours for table games). Like most other loyalty programs, the lowest level receives discount food and buffet prices with their points, while VIP and premium services, such as specialty parking, check-in, line passes, and so forth, are for members of the higher levels.

Like Station Casinos, M Resort does not offer a paycheck cashing bonus to their members, though at the time of sign-up for the iImagine Rewards card new players are able to choose between either a free t-shirt of \$5.00 or free slot play.

Table 12

*M Resort – iImagine Rewards*

M Resort – iImagine Rewards Details	
<p><b>Points</b>                      Slots                      Video Poker                      Video Poker - Optimum                      Table Games (Theo)                      Redeem points - Food                      Redeem points - Cash                      PXPC                      Expire After</p>	<p>\$1 Coin In = 1pt                      \$1 Coin In = 1pt                      \$4 Coin In = 1pt                      333points = \$1                      333points = \$1                      333points = \$1                      13 months no activity</p>
<p><b>Card Status</b>                      Earning For Status - Slots                      Earning For Status - Video Poker                      Earning For Status - Table Games  <b>Tier 1</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks  <b>Tier 2</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks  <b>Tier 3</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks</p>	<p>3 months to earn. 6 months to keep                      \$1 Coin In = 1 point                      \$1 Coin In = 1 point                      \$100 Avg bet x 20 hours = Platinum / \$350 Avg bet x 20 hours = M Card                      Gold                      0-99,999 points                      15% off Retail Buffet price with points                      \$1 Off Resort Car Wash                      Platinum                      100,000-299,999 points                      25% off retail buffet price with points                      \$2 off resort car wash, VIP Parking, Players Lounge, VIP Check In, VIP Buffet/Café Passes, priority seating at rest, invitations to events (based on play)                      M Card                      300,000+ points                      50% off retail buffet price with points                      \$3 off resort car wash, VIP Parking, Valet Anytime, Casino Host Access, Players Lounge, VIP Check In, VIP Buffet/Café Passes, priority seating at rest, invitations to events (based on play)</p>
<p><b>New Sign Up</b>                      Perks</p>	<p>Free T-Shirt or \$5 in Free Slot Play</p>

**Silverton – Silverton Rewards.**

The Silverton property recently revamped its entire loyalty program to match the 333 to 1 points of the M Resort and South Point programs. However, though the Silverton Rewards program offers 333 Points = \$1.00 for food and PXPC offers, they do not allow points to be redeemed for cash back. For slot machines, 2 Points = \$1.00 coin in, with video poker games earning 1 Point = \$1.00 coin in, and full-pay video poker games earning 1 Point = \$4.00 coin in.

Like the M Resort and Station Casino programs, Silverton Rewards members have three months to earn one of four tier status levels, and six months to receive the benefits. The first tier “Silver” is for players with 0 – 999 Points, the second tier is “Gold” for 1,000 – 49,999 Points, then “Platinum” for 50,000 – 199,999 Points, and finally “Diamond” status for the top players earning 200,000+ Points. Table game players earn points based on a similar average-bet-times-play-duration calculation of other local loyalty programs.

New member sign-ups receive \$5.00 in free slot play automatically, and members are rewarded for cashing paychecks on property with a free drink of their choice.

CASINO LOYALTY PROGRAMS WITHIN THE LAS VEGAS LOCALS' MARKET

Table 13

*Silverton – Silverton Rewards*

Silverton – Silverton Rewards Details	
<p><b>Points</b></p> <ul style="list-style-type: none"> <li>Slots</li> <li>Video Poker</li> <li>Video Poker – Optimum</li> <li>Table Games (Theo)</li> <li>Redeem points – Food</li> <li>Redeem points – Cash</li> <li>PXPC</li> <li>Expire After</li> </ul>	<ul style="list-style-type: none"> <li>\$1 Coin In = 2pt</li> <li>\$1 Coin In = 1pt</li> <li>\$4 Coin In = 1pt</li> <li>333points = \$1</li> <li>N/A</li> <li>333points = \$1</li> <li>13 months no activity</li> </ul>
<p><b>Card Status</b></p> <ul style="list-style-type: none"> <li>Earning For Status – Slots</li> <li>Earning For Status – Video Poker</li> <li>Earning For Status – TableGames</li> <li><b>Tier 1</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> <li><b>Tier 2</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> <li><b>Tier 3</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> <li><b>Tier 4</b></li> <li>Eligibility</li> <li>Food</li> <li>Points</li> <li>Gift Shops</li> <li>Other Perks</li> </ul>	<p>Play in a 3 month calendar period &amp; receive benefits for following 6 calendar months.</p> <ul style="list-style-type: none"> <li>\$1 Coin In = 2 point</li> <li>\$1 Coin In = 1 point</li> <li>\$25 avg bet x 5 hours = 3,330 points in BJ &amp; Craps</li> <li>Silver</li> <li>0-999 points</li> <li>10% off with points</li> <li>10% off Rooms&amp; Concerts Tickets, 15% off pool cabanas, point discounts</li> <li>Gold</li> <li>1,000-49,999 points</li> <li>15% off with points</li> <li>Gift upgrades, Exclusive events, 20% off rooms, 25% off concerts, 25% off pool cabanas, point discounts</li> <li>Platinum</li> <li>50,000-199,999 points</li> <li>25% off with points</li> <li>Room upgrades/discounts, 2 free concert tickets, priority seating, tournaments, events, limos access, Giveaways, Casino Host Access, 50% off cabanas, point discounts, Lake Mead Yacht Outings.</li> <li>Diamond</li> <li>200,000+ points</li> <li>50% off with points</li> <li>Room upgrades/discounts, 4 free concert tickets, priority seating, tournaments, events, limos access, Giveaways, Casino Host Access, free cabanas, point discounts, Lake Mead Yacht Outings.</li> </ul>
<p><b>New Sign Up</b></p> <ul style="list-style-type: none"> <li>Perks</li> </ul>	<ul style="list-style-type: none"> <li>\$5 in Free Slot Play</li> </ul>
<p><b>Paycheck Program</b></p> <ul style="list-style-type: none"> <li>Perks</li> </ul>	<ul style="list-style-type: none"> <li>Free Drink When Cashing Paycheck.</li> </ul>

**South Point – The Club.**

South Point utilizes the most basic loyalty program in all of the Las Vegas locals' market with just a single card level for all players. All slot machines and video poker machines earn 1 Point = \$1.00 of coin in generated, and points are redeemable for food, PXPC, or cash back at the rate of 4,000 Points = \$12.00 (effectively 333 Points = \$1.00). Players may also earn points at the rate of 6 Points for each dollar buy-in at a South Point bingo game by presenting their card at the time of purchase.

Because there are no tier levels, there are no time limits within which players must earn points to reach certain benefits. The only imposed limit is 13 months of inactivity on an account will forfeit all points acquired, though that is a similar stipulation to many of the other clubs in the area as well.

Table 14

*South Point – The Club*

South Point – The Club Details	
<p><b>Points</b>                      Slots                      Video Poker                      Video Poker - Optimum                      Table Games (Theo)                      Redeem points - Food                      Redeem points - Cash                      PXPC                      Expire After</p>	<p>\$1 Coin In = 1pt                      \$1 Coin In = 1pt                      \$1 Coin In = 1pt                      None                      4,000points = \$12 (333points = \$1)                      4,000points = \$12 (333points = \$1)                      4,000points = \$12 (333points = \$1)                      13 months no activity</p>
<p><b>Card Status</b>                      Earning For Status - Slots                      Earning For Status - Video Poker                      Earning For Status - Table Games  <b>Tier 1</b>                      Eligibility                      Food                      Points                      Gift Shops                      Other Perks</p>	<p>One Level                      \$1 Coin In = 1pt                      \$1 Coin In = 1pt                      None                        All Members</p>
<p><b>Paycheck Program</b>                      Perks</p>	<p>Receives token to play slot machine to win random prizes from free drinks, food, cash.</p>

**Comparing Strategies**

After reviewing each of the loyalty programs individually it is easy to spot some of the trends within the market. Most programs feature tiered card levels, with benefits focusing heavily on food discounts and comps, as well as significant discounts for resort amenities and VIP treatment for the top-tier players.

Table 15

*Comparison of Loyalty Program Structures*

	Station Casinos My Card	Fiesta Brand Amigo Play	Boyd Gaming B Connected	Cannery Resorts CAN Club	Arizona Charlie's ace   PLAY	M Resort iImagine Rewards	Silverton Silverton Rewards	South Point Casino The Club
<b>Tier Levels</b>	4	3	3	3	3	3	4	1
Level Based On	Points	Points	Points	Points	Tier Credit	Points	Points	N/A
<b>Earning Points</b>								
Slots	\$1 = 1	\$1 = 1	\$1 = 1	\$1 = 1	\$1 = 1	\$1 = 1	\$1 = 2	\$1 = 1
Video Poker	\$1 = 1	\$1 = 1	\$1 = 1	\$2 = 1	\$4 = 1	\$1 = 1	\$1 = 1	\$1 = 1
Video Poker Full Pay	\$4 = 1	\$4 = 1	\$2 = 1	\$4 = 1	\$8 = 1	\$4 = 1	\$4 = 1	\$1 = 1
Table Games	YES	YES	YES	YES	NO	YES	YES	NO
<b>Redeeming Points</b>								
Food & Amenities	\$1 = 600	\$1 = 600	\$1 = 600	\$1 = 400	\$1 = 600	\$1 = 333	\$1 = 333	\$1 = 333
Free Slot Play	\$1 = 1000	\$1 = 600	\$1 = 1000	\$1 = 400	\$1 = 600	\$1 = 333	\$1 = 333	\$1 = 333
Cash Back	NO	NO	\$1 = 1000	\$1 = 400	\$1 = 600	\$1 = 333	NO	\$1 = 333

**Tier-level standard benefits.**

The majority of programs feature a three-tier system with increasing benefits for each tier level. Tier 1 generally receives discounts on property food and cash sales, including items such as restaurant and buffet discounts as well as discounts in the casino gift shops. Tier 2 players receive larger discounts on food and cash sales, as well as exclusive offers, priority services such as line-cutting, private parking, and limited VIP services. Tier 3 and above members receive the most rewards for their gaming, with additional VIP services including features such as limousine services, VIP check-in, VIP

entry and access to special events, comp room upgrades, host & concierge services, and more.

Top-tier players earn their benefits not only through the amount of coin-in they generate within the casino but also through research. According to a research study conducted by Palmer (2003), 84% of the total revenue generated by members of casino loyalty clubs came from just 13% of the members. Furthermore, 52% of this group's revenue was generated by just 2% of loyalty club members, the extreme high rollers within the loyalty program (Wu & Wortman, 2009).

### **Three-tier versus four-tier programs.**

The loyalty programs of Station Casinos and Silverton offer four unique tier levels in comparison to the three-tier programs offered by most others. These four-tier systems are similar in that the point-level needed to achieve the status of the second tier level is relatively small in comparison with the three-tier models. In the Station Casinos program, just 499 points are needed to achieve the second tier card level, and just 999 points are needed in the Silverton program. The tier levels of two, three, and four more closely mimic the benefit levels of the three-tier models' levels one, two, and three. Having a relatively small first tier level may be a strategic advantage, allowing even casual players to reach a second tier and access more exclusive benefits. The play required to remain above these relatively small level-one tiers is easily achievable and may further encourage players to increase play to continue increasing tiers after being able to quickly jump from the first tier. It is possible that having just a three-tier model with a much higher play volume required to break out of the first tier may create initial discouragement, with the sense of achieving the next tier level much further away. A

second possibility regarding these lower-limit first-tier levels of Station Casinos and Silverton is that they are used to more effectively segregate and “weed out” those members of the loyalty program who are infrequent players. Local residents who gamble regularly with their loyalty cards will find it relatively easy to maintain at least the second tier status within these four-tier models, so perhaps Station Casinos and Silverton have modeled their first tiers with lower limits in order to more effectively eliminate non-active members from marketing promotions, targeting only frequent players.

**Multi-tier models versus single-tier.**

While the majority of programs are based around a tiered card system, South Point Casino’s single-tier program offers a different take on the loyalty program. Tiered systems are set up with time limits within which point levels must be achieved to maintain tier status levels. Most programs evaluate play data based on three-month windows, with the exception of Boyd Gaming (evaluating every six months), and Arizona Charlie’s (evaluating every four months). These types of tiered incentive-level programs encourage frequent visitation and consistent gambling levels to maintain a player’s tier status and benefits. Once a tier status level is achieved, the benefits will expire between three to six months if a player’s level of play is not maintained. In comparison, the South Point Casino model of a single-tier card for all members allows more flexibility in play, while offering less variety of benefits. Due to the fact that players are not in pursuit of the next tier level at South Point, there are no time limits or play levels to maintain, allowing members to take time away from the casino if they choose and to vary their levels of play. While this model may be effective in cultivating

a larger number or repeat, lower-end players, it does deter high-limit players looking to benefit more significantly from their larger average bets and frequent visitation.

**Point-redemption models.**

All of the programs have relatively similar incrimination for points to be earned to an account, with slot machines generally generating 1 Point for each \$1.00 of coin in, and video poker and full-pay video poker requiring a slightly higher dollar investment between \$2.00 - \$4.00 to earn points. However, within the point redemption structure of the loyalty programs reviewed, there are seemingly three unique program models that have emerged:

***“600 to 1” through “1,000 to 1” tiered level point programs.***

This is the most popular loyalty model, utilized by Station Casinos, Station Casinos Fiesta Brand, Boyd, & Arizona Charlie's properties. These programs encourage high frequency of play due to time limits of points earned and status levels. Though points are effectively worth less, these programs tend to be the most robust, with a higher variety of available discounts and amenities across all card tier levels. Due to the smaller actual dollar value of points accrued, the casinos have more options in terms of special promotions that can be offered. Limited-time point multipliers and free slot play offers may be awarded to members on a more frequent and more significant level.

***“400 to 1” through “333 to 1” tiered level point programs.***

Utilized by Cannery, M Resort, and Silverton, these programs give the player much more valuable points in terms of actual dollar value. These program models also encourage frequent play, requiring members to maintain play levels to retain their tier status. While also using tiered structures and increasing benefits for each tier level, these

programs are slightly limited in the amount and scale of comps and discounts available. In many cases, while they are able to offer a more attractive point-to-dollar value, they are unable offer the same percentage of discounts as the programs with a lower point-to-dollar value. Doing so would effectively turn their slot advantage upside-down, as players would be earning points at a faster rate than the hold percentage of the game they are playing.

***“333 to 1” non-tiered point programs.***

Utilized solely by South Point, this uniquely simple loyalty club avoids the need to maintain tier status through continuous levels of play and allows a 13-month period of inactivity on an account before removing points earned. It features a very no-frills and simple marketing message with uniform benefits for all members, though they are much more limited in the variety of comps and discounts offered in comparison to competitor loyalty programs.

***Bring-a-friend incentive overlooked.***

One feature that is commonly seen in other loyalty program markets, but not offered at all within the Las Vegas locals' market, are “refer a friend” or “bring a friend” incentive programs. Banks and credit card companies often provide incentive for their members to refer someone they know to join their business, offering cash or promotional benefits for each party as a result of a new sign-up influenced by a current member. In the study by Shoemaker & Zemke (2005), the casino feature, “A good place to take out-of-town guests” ranked fourth in importance to the local Las Vegas resident, suggesting that local residents do consider the opinions of their out-of-town guests when evaluating a casino property. With that in mind, Shinner et al. (2004) noted that not only do local

residents offer suggestions to their friends and family (particularly those visiting from out of town) on which casinos to visit, they often join them. Due to the fact that a locals' casino may not be the first consideration of a new gambler to Las Vegas, Shinner et al. (2004) recommends that locals' casinos actively reward their members for introducing family and friends to their casinos. The recommendation further explains that failing to do so will result in locals' casinos losing out on gambling dollars, which will more than likely end up going to the properties on The Strip.

### **Suggestions for Future Research.**

With complex point systems and feature-rich loyalty programs, effective marketing messages can sometimes be difficult to convey. From a player's perspective, the loyalty programs of the Las Vegas locals' market each have individual strengths and weaknesses; however, without conducting empirical research, it is difficult to determine which benefits most effectively capture the attention of the local Las Vegas gambler. With similar features offered throughout the market, and the actual effectiveness of loyalty generated from these casino programs still in question, it is important for the companies that spend millions of dollars annually designing and promoting these programs to understand the preferences of the individuals they are trying to develop into brand-loyal guests.

Quantitative data, collected face-to-face through surveys, interviews, or focus groups, should focus on (at minimum) the following topics:

- Have the values of the importance ratings of various features (see Table 6) within local Las Vegas casinos changed since the 2005 study by Shoemaker & Zemke?
- Do local Las Vegas resident gamblers display brand loyalty?
- Do local Las Vegas resident gamblers hold accounts with multiple loyalty programs, and, if so, which ones and why?
- Why do local residents join casino loyalty clubs? What motivation or attraction is the driving factor to generate a sign-up?
- Do local residents feel they receive fair value for their dollar at the different loyalty clubs within the locals' market?
- Which benefits of local casino loyalty clubs are most attractive, and what are the percentages of benefit types actually utilized versus the benefits available?
- Ultimately, could the benefits of a casino loyalty club become attractive enough to actually generate significant brand loyalty among the local Las Vegas resident gambler?

Without conducting further research on player preferences, the local casino companies of Las Vegas will continue to introduce new benefits and promotions based on marketing and financial data alone. They will also continue blindly copying one another's promotions in order to remain competitive within the market; however, without ever truly understanding the values and preferences of the local residents they serve.

## **Conclusion**

Growing and maintaining market share is a continuous battle for all 22 casinos within the Las Vegas locals' market. With a large number of competitive options within a relatively short distance, local residents tend to be brand disloyal by nature. High competition between locals' market casino companies has conditioned the locals of Las Vegas to be deal-seekers, rather than brand loyal.

Based on research of the Las Vegas locals' market and its casino loyalty programs, loyalty programs alone will struggle to generate significant brand loyalty for a casino company. Having become somewhat of a commodity within the industry, signing up for a casino's loyalty program is now a routine process for a majority of local residents. This type of relationship does not create any sense of connection with the casino or the brand. Local residents see their membership as an investment, a non-personalized business-like transaction where they expect to receive fair value for their gambling losses.

Casino loyalty programs are certainly beneficial to casinos in many ways. Utilizing the player data captured, casinos are able to more effectively yield their slot floors to accommodate trends in game-play, volume levels, and so forth. Loyalty programs can also be used to effectively temporarily drive increased business in conjunction with large promotions and special events. Currently, loyalty programs are being used more frequently as catalysts to promote company promotions and increase brand awareness rather than as stand-alone tools to increase market share. The loyalty program has become a device to introduce new members, or re-introduce non-frequent existing members, to the casino property.

Quality service will almost always reign supreme in the hospitality industry, and thus a casino must maintain their highest service quality standards at all times. Currently, casino loyalty programs alone are not likely to increase a property's market share or revenue; however, attractive program benefits and promotions are effective in driving increased traffic to a property, where it may then build lasting relationships with guests through service quality. Slot clubs were never intended to replace the personal touch of quality service, but to enhance the feeling of value a player receives from their visit to a casino. No slot club benefit will ever be as effective in generating brand loyalty as exceptional guest service and personalized attention.

Innovations within hospitality are rampant, and casino companies must not lose sight of their competition. While loyalty programs may currently be ineffective in generating brand loyalty, it must not be considered impossible. With promotion and effective marketing, it is foreseeable that a new innovation to casino loyalty programs could be developed which is able to significantly increase market share and revenues. While certainly possible, developing a unique benefit enticing enough to increase market share would be difficult in a market where promotions and marketing strategies are frequently copied between casino companies.

Casinos within the Las Vegas locals' market would be well served to conduct further research on the local resident gamblers of Las Vegas to explore their thoughts and preferences regarding casino loyalty programs. Understanding how their guests utilize the benefits offered, and how the programs may be modified to create a genuine feeling of value and personal attention would almost certainly assist the cultivation of true brand loyalty, as well as create a competitive advantage within the market.

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