



How to Catch and Keep the Big Fish

by Andrew Klebanow

Executives in the casino industry have long used euphemisms to describe various types of customers. One term often coined to describe a premium player is a whale. The term originated in Las Vegas and was used to describe gamblers who wagered very large amounts on each hand. As casinos proliferated throughout the United States the term began to be used more broadly to describe each casino's best customers. All casinos have a few players that make an outsized contribution to the property's gaming revenue. They may not be whales in the traditional sense, but they are still pretty big fish and every casino operator wishes they could find a few more. To this end, they build luxurious hotel suites, offer fine dining along with other amenities and employ hosts to service their most valued customers.

To better understand how some of the largest casino operators identify and capture big fish, a rather expensive research project was conducted. Two markets comprised of ten casinos were selected. These markets contained some of the nation's most recognized casino brands. At each property a researcher joined the casino's rewards program, requested two players' club cards and asked the rewards program representative for directions to the high limit slot area. The researcher then was required to find two \$5 slot machines (reels) with medium to low volatility, and play them simultaneously at \$10 a spin for two hours or until the researcher generated \$10,000 in coin handle.

The goal of this experiment was to learn how the most successful casino operators in the U.S. caught those big fish that wandered into their properties, the time it took for a new player to be recognized and the methods casino operators employed to begin fostering loyalty. The results were quite startling.

Out of ten casinos in the sample, at only one casino did a host approach the customer. In that instance the host introduced herself, inquired how everything was, offered a comp, provided an invitation to the premium players' lounge and even offered to print a premium tier card. At the remaining nine properties, the researcher was ignored, despite additional opportunities for the casino to recognize this new big fish. At one casino the researcher hit a \$4,000 jackpot, causing the machine to lock up. While the slot attendant responded immediately and unlocked the machine, the player was not approached by anyone else during the fifteen minutes that it took for the casino to process the paperwork nor was the player approached for the subsequent hour of slot play.

At a third casino the high limit slot area was located approximately twenty feet from the cashier's cage. Despite playing two \$5 machines, \$10 per pull, five pulls per minute, for almost two hours, the player was not greeted by a casino host nor acknowledged by any of the supervisors that were walking to and from the cashier's cage. The player could not get beverage service and

asked a slot floor person three times for a cocktail server.

With the site visits completed the research team monitored mail offers to see if there was an attempt to get the customer to return. After all, \$10,000 coin-in on an 8.0% hold machine results in an average daily theoretical win of \$800 – not bad for a two-hour visit. Nevertheless, not one casino sent any offer beyond the standard mass-market bounce back offer of \$10 in free play. There were no personal letters from hosts or other communication – just the standard postcard.

Overall, the results of the research project were emphatic – even some of the country's largest casino operators had weak methods for ensnaring new big fish. They simply let them get away; and once they got away, they made no meaningful attempt to get those players to return.

Understanding What is Happening

Most casinos do not have a methodology for identifying new high-worth players on their first visit. Players are required to visit on multiple occasions over a long period of time before the system recognizes them.

Casino operators usually rely on hosts to identify new players. Host programs are developed to foster loyalty among existing players by providing higher levels of service and recognition, and to develop new players. While the vast majority of hosts do a pretty good job of taking care of existing customers, they may overlook the critical job of recruiting new customers. Hosts normally do not scan the floor for new high handle members in any systematic manner; they simply look for known players.

Rather than pro-actively search for new players, hosts normally wait for the database marketing department to conduct periodic analyses of the database (which usually occurs on a monthly or quarterly basis) before being assigned to a player. They are dependent on the database marketing department to find new premium players. Furthermore, most tiered reward programs acknowledge only those players who earn a lot of points over a quarterly or annual basis. They require players to demonstrate their loyalty over a period of time rather than offer an option to reach premium tier status in one visit. The problem is not insurmountable and any casino can employ a variety of tactics to capture new high worth players. These include the following.

Commit to the Host Program

Too often host programs are insufficiently staffed. Rarely is there a host on duty during all three shifts. Even at properties where there is adequate coverage, hosts rarely take the time to seek out new players. There may not be enough hosts to cover the entire floor and address back-of-house duties like

taking reservations or issuing comps. They may be pre-occupied with caring for existing players or dependent on the casino marketing to find and assign players to them.

More often than not, the property does not hold hosts accountable for signing up new players. Their focus is on servicing existing customers – not seeking out new customers. If a casino is serious about catching whales, it should use their hosts as fishermen.

Use Electronic Methodologies to Identify New Players

All modern casino management systems have modules that allow hosts to scan the slot floor and identify carded and non-carded players. They also allow the casino to set up alerts when players achieve a certain level of play. A number of vendors now offer mobile alerts delivered directly to employees' mobile phones, alerting them when a new customer has hit a certain wagering threshold or if a hand-pay is in progress.

Offer a Back Door Entry Into Premium Tier Status

The vast majority of tiered reward programs bestow premium tier status on those players who have accumulated points over a period of time. While this is basically a sound methodology it tends to discriminate against less frequent visitors and it certainly ignores the player who visits only a few times a year yet wagers at inordinately high levels. To recognize such players, some casinos offer Diamond in a Day programs, whereby players can achieve premium tier status in a 24-hour period by playing to some intermediate threshold.

Hand Pays are Moments of Opportunity

Hand pays offer hosts a unique opportunity to make contact with a new player. Hand pays also take time; they require the issuance of a 1099 followed by the ceremony of counting the cash in front of the customer. This presents an opportunity for a host to congratulate the customer, offer a comp and begin the player development process. Too often though, hosts are not informed of large hand pays.

Never underestimate the importance of personal contact. People tend to choose a casino based a variety of criteria, including location, where they have won in the past and where they are known and recognized.

Identifying and developing new players takes work. For many casinos, whales come

to them. They play at fairly high levels with some degree of frequency. They visit often enough so that they are eventually recognized. Others just slip through the net. By developing sound strategies to player development and tactics to carry out those strategies, casinos can significantly enhance gaming revenues by catching and keeping those big fish. ♣

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