Software Review

How analytical CRM is touching the casino business – Part 1

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ABSTRACT The application of analytics to the gaming industry is not new; some of the most advanced analytics I have seen has been carried out in casinos. What has changed is the application of these analytics to customer management and the richness of the data that is now available to support these activities. In the past, casinos focused on gaming behavioral data, usually collected through the use of gaming-based loyalty schemes. But as casinos evolve into resorts with hotels, retail malls, food and beverage outlets, and major entertainment locations, the richness of data is exploding. The issue now is that of how one collects, integrates and uses this customer data. This article, part one of two in a series, explores some of the issues that need to be addressed if casinos are to leverage the valuable asset that is the data that they have on their customers, or patrons, as the industry likes to call them.

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BACKGROUND

In the last few years, I have started to work on analytical CRM (aCRM) projects in the gaming industry, mainly casinos and resorts in the United States. I believe that like other industries, the gaming industry is morphing and entering a new phase. The ever-increasing pressure of competition and the growth in customer expectations is forcing gaming organizations to evolve and provide a wider range of products and services to compliment the core gaming. We have seen many examples of this, with the creation of casino resorts with hotels, spas, golf courses, event arenas

and retail malls, for example Foxwoods Resort Casino, United States.

Another silent revolution, associated with the evolution of casino resorts, is the investment in aCRM. I am personally aware of at least 10 US casino operations that have invested in this area in the last 18 months, and I believe this is the tip of the iceberg. This new aCRM activity is currently focused on collecting and using the additional non-gaming data to:

- optimize gaming revenue and customer value;

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- optimize resource utilization, in particular labor; and
- support brand development through effective communications management.

In the following sections, I will explore some of the issues that need to be addressed as gaming organizations start to collect and exploit the rich sets of data that are now available in these casino resorts.

Data availability

The following section of this article explores the range of gaming and non-gaming data available in the new casino resorts.

The following types of data are becoming more readily available:

Core gaming data:

- Patron data
- Patron loyalty card data
- Patron profile data
- Gaming behavior data; and
- Promotional coupon redemption data.

Other gaming and non-gaming data:

- Web visit and usage data
- Call center and Service data
- Detail slots and table gaming data
- Hotel stay data
- Ticket purchase and event data
- Retail purchase data; and
- Food and beverage data.

The next section of this article explores the core gaming data types in more details; a second article in the next issue will cover the other and non-gaming data types in detail.

Patron data

The majority of casino operations in the US have gaming loyalty schemes that allow the patron to collect points for gaming activities. These points can then be redeemed for gaming and in some cases non-gaming benefits.

Examples of benefits include:

- \$20 bonus slots play
- \$10 off meal
- free room night in hotel; and
- \$100 off ticket for music event on property.

As part of the registration process, the following types of data are typically collected:

- Name
- Address (verified using address standardization solutions)
- Telephone number including mobile
- E-mail address
- Communication preference (for example hotel communications opt-in)
- Communication status (for example do not e-mail; do e-mail)
- Date of registration
- Date card issued
- Date customer details verified
- Channel of registration
- Date record created
- Date record last amended
- User ID for creation
- User ID for amendment (this could be the patron for some data types)
- Patron ID (identifier for the individual)
- Group ID; and
- Household ID.

In most locations, the registration process has to be supported with the appropriate proof of identity, driving license being the most common. This may result in the following types of data being collected:

- Driving license number
- Passport number
- National insurance number; and
- Photo.

This verification data are typically not often used for marketing but rather to support the management of a unique patron ID.

Although a patron in many cases can register for the loyalty scheme online, the gaming commission requires that the customer details are verified onsite at the casino before the loyalty card can be activated.

In some cases, patrons register as part of a group, in which case the individuals in the group will be given both an individual patron and a group ID (for example Junket).

In the past, little attention was paid to the collection of e-mail addresses and mobile numbers, but this has now changed as these channels have become more popular.

The more forward-thinking organizations have started to collect data on other potential channels, including:

- Instant messaging user name
- Instant message provider; and
- Social Networking user name, for example Facebook.

The systems that collect this type of core patron data are also getting more sophisticated and their functions include:

- verification of the name against post office standards;
- verification of mobile numbers through the use of text messaging while the patron is present;
- verification of the e-mail address where the patron has e-mail-enabled phone while the patron is present; and
- electronic verification against the driving license details.

These processes are resulting in high-quality data that is reducing mail and other communication costs.

Patron card data

If the patron is part of a player loyalty scheme, then the following types of data will typically exist:

- Loyalty card ID (identified for the loyalty cards held by the customer, typically one per person)

- Card type, for example VIP, Gold
- Patron status
- Patron type
- Date of registration
- Date card issued
- Date record created
- Date record last amended
- User ID for creation; and
- User ID for amendment (this could be the patron for some data types on the Internet)

Patron profile data

The local nature of the markets that most casinos serve means that a patron's geographic location will have a large influence on their attendance at a specific casino. As a result, the following types of patron profile data are typically present:

- In-market indicator; and
- Drive time.

In some cases, casinos overlay the core patron data with external data from third parties. These include:

- Income band
- Social class
- Geo-demographic segment
- Personal interest
- Household financial profile; and
- Household composition.

The loyalty card registration and customer surveys are also a good source of valuable data, including:

- Ethnicity
- Language preference
- Game preference (stated, combined with actual once available); and
- Interests, for example golf.

External overlay data is an area of interest for casino resorts as they move out of their core focus area of gaming into hotel and event management, where this additional

profile data is allowing them to fast track the data-collection process.

Gaming behavior data

As customers start to use slots or play table games, the underlying gaming systems collect this gaming transactional data and where available associate them with the loyalty card patron data. These gaming transactional data are typically summarized for use by marketing and other groups.

As this is a core business area, most casinos have got this summarization down to a fine art.

At a high level, most casinos summarize these data at the following levels as a minimum:

- Gaming day
- Gaming trip
- Annual; and
- Lifetime.

Note: The gaming day is not a typical business day, often starting at 6:00 on day 1 and ending to 6:00 the following day.

The following are examples of the types of data that are collected at the patron level:

- Date of last trip
- Period since last trip
- Duration of last trip
- Average duration of last three trips
- Primary gaming preference
- Table game preference
- Slot game denomination preference
- Slot game theme preference; and
- Slot type preference.

There are a number of industry specific key performance indicators (KPIs) that are used, perhaps the most common being Theo and average daily theoretical win/loss (ADT).

Theo: This is the theoretical win loss amount that a patron is expected to achieve.

The following are commonly used KPIs by type:

Gaming value:

- Theo by period
- Theo for slots by period
- Theo for tables by period
- Actual win loss by period
- Actual win loss for slots by period; and
- Actual win loss for tables by period.

Loyalty costs:

- Comps earned in period
- Comps used in period
- Comps re-invested in period
- Points earned in period; and
- Points redeemed in period.

Comps: Short for complimentary, comps are rewards that are given away by the casino to its patrons. Depending on the level of play or average amount of wagers placed by the patron, these can include anything from free drinks to luxury suites that come with a full-time butler and private jet transportation. Also known in the industry as 'RFB' – room, food and beverage giveaways.

Trip summary:

- Number of trips in period
- Number of gaming trips in period
- Number of gaming trips by game type in period
- Average trip theo in period
- Average number of days on trips in period; and
- Number of days on property in period.

Daily summary:

- average daily theo in period; and
- average win loss in period.

This list is just a sample; one of the clients I have has over 500 KPIs covering the gaming behavior.

Promotional coupon redemption

Direct mail is commonly used in the casino industry. In many cases, this takes the form of monthly direct mail packs consisting of 10–20 coupons that can be redeemed only onsite. The primary objective of this marketing activity is to stimulate repeat visits and extended play.

In the last few years, some casinos have started to move to e-mail, but with limited success.

In most cases, the casinos maintain good data on what direct mail the patron has received and what coupons the patron has redeemed.

The following types of data are readily available for the direct mail activities:

Outbound contact history:

- Patron ID
- Campaign ID
- Pack ID
- Communication date; and
- Communication status.

Promotional reference data:

- Campaign code
- Campaign description
- Campaign start date
- Campaign end date
- Pack ID
- Coupon ID(s); and
- Coupon gaming revenue weighting.

Coupon redemption data:

- Patron ID
- Campaign ID
- Coupon ID
- Redemption date and time
- Redemption location code, for example Asset ID (slot or table ID), where coupon redeemed; and
- Incremental gaming revenue.

Where the patron redeems a gaming coupon, the gaming revenue that is generated can be determined. A variety of techniques are used, but one common method is to weight the coupon type and allocate the daily or trip gaming revenue or both using the coupon weighting.

The result is an estimate of the gaming revenue generated for each coupon redeemed. The costs are then associated and an incremental theoretical and actual win loss is calculated.

Summary

The core gaming data provide a solid base for the delivery of a CRM in a casino environment. But the addition of extended gaming and non-gaming data is helping casino resorts to really understand patron behavior. This is starting to radically change the way casinos manage patrons.

The second article in this series will look at the other gaming and non-gaming data in detail, and discuss how these new data types are being exploited.