



Improving Your Player Rewards Program: Segmentation Strategies to Drive Engagement

By Rymax Marketing Services

Increased competition in the gaming industry has resulted in the need for casinos to position their brand and identify player segments that will be most receptive to their communications. A casino's image is an important part of their overall business strategy and goes a long way towards attracting and retaining players. As the competition in gaming grows fiercer, the most effective marketing strategy that casinos should follow is to analyze their player demographics and interact with them by using the most effective motivational tools.

In fact, in today's age of ubiquitous freeplay, designing a loyalty program to meet your property's unique player needs will distinguish your brand by motivating players with desirable rewards. As the gaming market becomes more saturated, it is critical that a comprehensive loyalty program with distinct differentiators is in place. Because the casino player has more options for their time and discretionary spending, a loyalty program ensures that a casino is getting the desired traffic and coin-in from players.

Casinos must find ways to identify distinct player groups through segmentation strategies and direct appropriate marketing communications to their most profitable segments. When done effectively, a strategic rewards program will communicate the right message to engage your key players, increase their satisfaction and encourage repeat visitation.

Cater to the Right Level of Play

Segmentation and concentration in a loyalty program is critical in a competitive market. Instead of engaging all players through the same promotional vehicles and loyalty tactics, casinos must apply segmentation strategies that are suited to the demographics and player behavior pattern. At Rymax, our approach to increase engagement is to develop a strategic cross-promotional multi-channel communication strategy. The power of using a variety of communication vehicles that complement each other allows you to streamline your message and efficiently capture the attention of every generation. For example, in-room publications are a useful tool to reach baby boomers while social media is the way to target Gen X and Gen Y players. A recent survey conducted by Rymax Marketing Services tells us that 73% of casinos rely on social media outreach to attract and gain insight from players. This player insight can be used to effectively adjust your reward program to exceed the player's expectations, anticipate needs and reinforce desired behavior.

Rymax has seen proven success in loyalty programs where Player Hosts are in close contact with their most valuable players on a regular basis. Player Hosts who frequently and personally contact their player club members with invitations to onsite events or use low occupancy weekends as an opportunity to extend a personal invitation to visit the property and enter to win a tournament prize see an increase in traffic. Engaging players is not a one-size-fits-all rewards strategy. Casinos must understand the demographical data and loyalty differences among today's players by offering a diverse program and complimentary merchandise rewards that target key markets to build a comprehensive reward and recognition loyalty strategy. A rewards program with

built-in Customer Relationship Management (CRM) elements used to garner information and aid database construction is far more powerful than the traditional offline programs of the past.

An average casino generates a high amount of revenue from a relatively small base of core VIP or High Roller players with a high coin-in. These players must be segmented and treated differently from the overall base. While offering free buffet vouchers is effective for some players, others will expect a full VIP experience. That means providing rewards that are brand and continuity driven to keep players engaged all year long. Additionally, custom bundles specific to your property's branding are a unique aspect that differentiates a rewards mix from other competing properties. An enticing example of a custom VIP bundle could be a man cave package with a Toshiba 3D television, an Escalade Billiard Table, a Weber grill, and a SodaStream Home Soda Maker Kit.

The level of spend budgeted for promotions needs to be greater than the budget for the mass database. For example, give a Rachel Ray product to every program participant but not a Breitling watch. A parity offering in the market or a less than creative approach to keep VIP players engaged will create a downward spiral in loyalty. By providing access to the most desired brand name merchandise with a high perceived value, players are engaged to spend at your venue, build up points and earn their desired reward.

The Freeplay Dilemma

Freeplay has emerged as a common marketing tool for most casinos to stimulate visitation and foster loyalty. Freeplay provides no emotional attachment or lasting satisfaction and is similar to cash in that it is "spent" and then forgotten. Rymax player loyalty studies have shown that freeplay reduces coin-in as most players are likely to use this extra "cash" for other outlets such as bills, expenses, food and beverage, and travel costs outside the casino.

In turn, brand name merchandise rewards are proven to be a much stronger motivator to stimulate play and increase loyalty while also providing a 3-to-1 return on investment compared to cash. Physical rewards elicit an emotional attachment and will be remembered for years to come. Tangible rewards, as opposed to cash, offer significant trophy value that leaves a lasting impression and loyalty story. Now that almost every casino offers some promotional tactic, freeplay has become expected and loses any motivational impact. By partnering with Rymax, who offers brand name merchandise at factory direct pricing, the casino ends up on top with a higher margin plus higher engagement levels.

At Rymax, we have the expertise to create custom programs and loyalty events that boost spend and engage players to earn points for brand name merchandise rewards instead of freeplay. The redemption can be done onsite at the casino, bringing in players and also providing a greater opportunity for Player Hosts to engage as they interact during the loyalty and redemption experience.

To compliment your robust loyalty program, Rymax suggests onsite events such as pick-a gifts, shopping sprees, promotional product giveaways, auctions, slot and table game tournament prizes, and sweepstakes. Loyalty events are proven tactics to keep players engaged in your loyalty program all year long. Events increase onsite visits and provide a solid margin for casinos. These customized events cater to VIP players and reinforce the casino's image with demographic-specific reward offerings. Faced with a variety of properties and loyalty programs to choose from, VIP players will seek out a casino that offers a total VIP lifestyle.

What's in a Name?

Celebrities drive considerable influence over shopping decisions, as interest in celebrity culture is at an all-time high. There are more celebrity magazines, gossip centered television shows, websites and blogs than ever before. Celebrities are leveraging this extensive media exposure to endorse brand merchandise and launch retail products. For example, celebrity chef Paula Deen took advantage of her television success and now offers a line of popular cookware products. Many fashion industry insiders credit the retail success of Michael Kors handbags to his role as a judge on the reality-based television show "Project Runway."

Players are influenced to choose rewards in the same way they are influenced to purchase retail products, namely the connection one feels to a brand and how a product fits with one's individual lifestyle. Program participants must be viewed as retail consumers. In order to fully engage your participants and keep redemption rates high, your program rewards must mirror current retail trends and keep pace with consumer buying habits in order to be successful.

Brand name, high-aspirational products are driving play, because the products are highly desirable. Well known luxury brands give players a higher perceived reward value. Casinos who work with Rymax receive the benefit of factory direct pricing and substantial costs savings to their loyalty program. The visual, emotional, rational, and cultural image that one associates with a luxury brand leads to stronger program engagement and participation. Products that people want to buy at retail such as Michael Kors handbags and can now get as a reward for their play is a much more effective engagement method. At Rymax, we have seen that Michael Kors is the number one redeemed ladies' fashion accessory.

The rise in celebrity appeal and celebrity-endorsed products plays a major role in incentive redemption decisions. Mediaedge's *Celebrity Endorsement Sensor Survey* revealed that "35% of respondents believe celebrity endorsements improve a brand's awareness and generate interest." Keeping in mind that celebrity endorsements evoke consumer engagement and drive purchases, the same is true in the incentive world. Your program reward selection should reflect the connection between the demographics of your program audience and the appeal of aspirational celebrity driven brands. Working with a third party company like Rymax will ensure all merchandise updates are automated and on trend. For example, supermodel and Sports Illustrated cover girl Kate Upton is now the face of Skullcandy headphones, a brand extremely popular with Gen X and Gen Y. Whether it is Michael Kors or Paula Dean, redemptions spike when celebrity endorsed rewards are incorporated in your program's merchandise mix.

Replicate the Casino Lifestyle

It is important to understand the share of wallet that VIPs bring into casinos and how integral it is to create an overall experience for these players, who arrive at the property with the expectation of preferential treatment. By aligning the rewards experience with the casino experience, the overall brand message becomes a vital ingredient to extending the property's reach and building player loyalty. For example, VIP players at a luxury destination known for their high-end dining, luxury retail establishments and opulent accommodations expect luxury items such as Phillip Stein timepieces, Swarovski crystal and Faber-Castell writing instruments to match the property's loyalty experience.

All aspects of this VIP experience must be seamless, from checking in to the hotel to signing up for the rewards program to receiving special room accommodations and finally redeeming for well-earned rewards. An effective merchandise mix must also cater to what your players truly want, offer the power of choice and provide the "wow" factor. If there is a Baccarat retail store onsite, then the rewards program should offer Baccarat crystal. Only a few years ago, electronics were the most popular merchandise product for all reward programs. But according to Rymax redemption reports, electronics are now the second most popular merchandise award. Reward programs must create an "I want that!" reaction from players. In order to maintain and increase engagement, program rewards must evolve to keep up with player demand for products that are truly desired.

The Power of Player Rewards

It has been frequently stated that it costs more to attract a new customer than to retain a current customer. This too applies to the competitive gaming landscape. A casino's player rewards program is one of their strongest tools to identify VIP players and entice them to return their loyalty to your property time and time again. A well-designed player rewards program with targeted communications and a strong rewards mix will encourage repeat visitation, foster loyalty, stimulate play, and give your casino a competitive advantage over the competition. A player rewards program is not only part of the marketing equation; it is in fact part of the casino's overall player reinvestment strategy.

Streamlining these services and working with one vendor can optimize resources and establish an effective loyalty program. Rymax has the expertise to understand player demographics and offer high-end name brand merchandise rewards that will engage players to spend at your property and foster loyalty. We understand the importance and share of wallet that VIPs bring into casinos and the integral way to engage them by offering desirable rewards.