

Thou Shall Not Steal:
(Except for casino customers)

By Steve Karoul, Foxwoods Casino Resort

For those readers that have followed my series on “Tweaking Bottom Line Profitability” for your respective casinos, this article is a continuation of that series. I know that you have heard me over and over use one of my favorite openings that goes something like this; “The casino business today is not about making money, it is about creating value”. And I also know that many of you have challenged me to also teach you about some of the ways that I have learned to actually make money for casinos over my many years in the business. I originally wanted to be a teacher many years ago so I think I still have that urge inside of me. In addition, one of my early mentors in the casino industry named Larry Woolf once told me to never be afraid to educate your competitors because uneducated or inexperienced competitors are actually more dangerous and will cost you more money in the long run. Therefore, I enjoy teaching young people entering the casino industry today how to become better managers or better casino executives.

I realize that this must really sound strange when one looks at the title of this article. “Thou Shall Not Steal!” Yes, most of us already know that. However, how does one actually go about finding casino customers? In my opinion, there are really only two ways to find casino customers. The first way to develop casino players is as brand new customers. This is the normal way and utilizes all of the concepts that they teach you in school such as promotions, media advertising, marketing programs, incentives, rewards, prizes, player clubs, bus programs, group sales, entertainment, etc., etc. This is the way most customers start out as new casino players. They are developed and then nurtured. This method can also tend to get expensive which is probably one of the key reasons for the second method of developing casino customers which I will explain in a moment.

However, I don’t know of too many players that start out as high rollers or even as mid-level players. They almost all start out small and test the water first whether it is via Slot Machines, Bingo or Table Games. Yet, once they become experienced they often seek their own financial comfort level quickly especially once they become exposed to Casino Comps such free rooms, free food, free beverages or free shows. This now brings us back to the original question of how do we find new casino customers. If we agree that the first way is to develop new players from scratch then the second way has to be different. In my opinion, the only other way to develop casino players other than from new is to steal them from your competition. That competition can either be local, regional, national or international. It doesn’t matter. What does matter is that your casino provides the proper means for both development and for cultivation which is a polite way of saying stealing your competitor’s customers.

With that said I think it is extremely important to take a moment and explain that there are ethical ways and also unethical ways of stealing customers from another casino. I was always brought up on the principle that casino executives should always follow the ethical path no matter how great the temptation may be. This means that we do not go

into another casino and pass out business cards. Unfortunately, I have begun to see this happen in recent years so I think it is important to re-emphasize this unwritten rule. However, there may be opportunities to actually share customers among casinos to maximize special events, tournaments, etc. But this is only done with the consent of the marketing executives or casino hosts who network with their peers for the mutual benefit of both casinos. People often ask me which methods are the most productive. That depends upon which level player you are targeting. Mass market lower level players usually respond well to free offers such as coupons. Mid-level players tend to respond well to anything relating to a VIP or Preferred status in the casino offer. And high roller type players respond better to personal contact from casino hosts or casino player development executives as well as word of mouth referrals from trusted friends or associates.

As far as teaching goes, I think that the important lesson here is that this does not happen by itself and the entire casino sales effort needs to be properly managed to optimize profitability not just business volumes. Bottom line profitability pays the bills. It doesn't really matter again what your job title is but the lesson is that someone has to assume overall sales responsibility for this effort otherwise you will have chaos. Foxwoods is the largest casino in the world. We have several million customers in our database. We have over 70 Casino Hosts and over 30 Player Development executives and staff. We are an event driven property and do over 300 various events, tournaments and special shows per year. Our three hotels all run with very high occupancy percentages. So, the sixty-four thousand dollar question is "How do you manage to optimize profitability?" My response is by "hands on management" and "creating value" for your customers. We have an incredible team of supervisors, managers, directors and officers here at Foxwoods who all work in sync. However, the tweaking of bottom line profitability oftentimes boils down to making some quick tough decisions that may involve managing your room inventory to optimally balance comp and cash room sales, managing your Suite and Villa assignments, occasionally bumping a customers reservation but still managing to save the customer, overselling the facility but to a limit that is still manageable based upon past no-show factors and other basic problem solving decisions. One message that we always try to teach our staff is to always err on the side of the customer. Remember one of my favorite expressions that says, "The casino business today is not about making money, it is about creating value". Value is made up of numerous variable factors including excellent friendly customer service by caring employees. If you don't show that you really do care about your customers your employees won't care either. If that happens, stealing your customers will be very easy. Good luck.

[Steve Karoul was Vice President of Casino Marketing for Foxwoods Resort Casino owned by the Mashantucket Pequot Tribe located in Mashantucket, Connecticut when this article was published. Foxwoods is the largest casino in the world today. Steve has over 36 years of experience with top casinos both domestically and internationally. He is a contributing writer to several different major casino publications often injecting his own experiences. Steve can be reached at Tel. (+1-860) 536-1828 or by E-mail: skaroul@comcast.net]