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The Cost of Conversation

By Nicole Wolf *Tue, Aug 30, 2011*

What is social media really worth to the marketing of your casino?



In 2011, there has been a sea change in the level of sophistication on the part of casino marketing departments. A year ago, many casinos weren't even on Facebook, but now, everyone knows social media is here to stay.

"Since it's no longer an ad hoc part of their media spend, casino marketers are dedicating more resources—largely labor—so they're now starting to look at ROI, too," says Nancy Smith, CEO of Masterminds Advertising. "Moreover, budgets aren't growing. This is money that is moving over to social media from other marketing line items—print, radio, TV."

Smith believes that these days, having a social media presence is basic customer service for a casino. Just as years ago websites became de rigeur due to customer demand for a 24/7 online resource for basic information on amenities—hotel reservations, hours of operation and menus for restaurants—so now has social media come to be expected.

For that reason, Smith posits, although there are many ways to measure ROI on social media, "It's like asking 'What is good customer service worth?' If your front desk agent answers a customer's question correctly and in a friendly manner, how do you measure the ROI on having the front desk staffed with that capable employee? How much does the alternative cost?"

Word-of-mouth commentary among consumers—be it an endorsement or a damning comment—has always been more influential to fellow consumers than one-way communication coming from a company. Companies or brands need to pay attention to social media because these conversations are now happening among thousands of people on Facebook or Twitter instead of between two people over coffee.

So, conversation is currency. A few years ago, if you had a bad meal at a restaurant, you'd tell your colleagues or friends, and they probably wouldn't go to that restaurant anymore. Now, customers are more likely to post their experience on their Facebook page, and within the same amount of time, they've told

hundreds or thousands of people not to eat at Joe's anymore. Social media has turned individuals into broadcasters.

Conversations Are Valuable

While the goal of any marketing plan is to attract customers to your casino, social media is a little more diverse.

"The goal is to tap into the viral nature of social media," says Ryan Leeds, VP of strategy at Masterminds. "You may have 5,000 fans on your Facebook page. The goal isn't to tap into those 5,000 fans, but to get them each talking to their 140 friends."

Traditional currency has always been measurable: you could open your wallet right now and quickly determine how many U.S. dollars or Chinese yuan are in there. The team at Masterminds, however, argues that taking a similar approach with social media could be short-sighted. They say conversations among fellow fans or followers lead to increased engagement, which translates to loyalty, which is increased brand. A tried but true definition of brand? Loyalty beyond reason. And don't you want customers doing the "unreasonable," driving 10 miles past your competitor's casino—with the same banks of slots and tables— to come to yours because you treat them right?

"In a casino, an ambiance is developed," says Marianne Martino, COO and principal, Gaga Marketing. "It's like a comfortable pair of slippers. As a customer, when you find it, you want to go there again and again."

Ready to Engage?

Increased engagement online translates to increased engagement offline. Smith and Leeds offer several examples of using social media to engage:

- A restaurant: A casino restaurant has its chef tweet the daily special and discuss on Facebook, using supporting pictures, the fresh seasonal ingredients that he is using that week. Then, on the Facebook page, the restaurant displays a link to the Open Table reservation system.
- A car giveaway: A basic use of social media would be simply telling fans to come to the property next Friday night for a Ford Mustang giveaway. A more clever strategy could be to initiate dialog among your followers and their friends by asking people if they won the car, where's the first place they'd go? Or to share the best road trip they've ever had. Or give them the opportunity online to design a custom vanity plate for their new Mustang.
- A scavenger hunt: Another interesting tool, according to Patrice Gianni, CEO of Marketing Results, is CheckN2Win, a mobile application that allows a casino property to offer patrons a branded mobile application via Apple's App Store. CheckN2Win provides detailed information about the property as well as an innovative social gaming experience using the "social check-in" mechanic found in other applications such as Foursquare, Gowalla and Facebook Places.

CheckN2Win users can view information about all of the places at a property, such as gaming areas, clubs, event venues and restaurants, and then "check in" to receive specially branded badges and targeted offers. Users can track their status on the leader board as they compete against each other for the title of "mayor," which is the user with the most check-ins over a given time period. They can share this experience with their friends online by posting their check-ins and comments on the places they've visited.

"When you check in at one place, you may receive a free drink or restaurant discount associated with a barcode or offer code. We then will track how many are redeemed per day per outlet," says Gianni, who cautions that the numbers will be small because CheckN2Win requires an iPhone and is still a relatively new concept.

Says Smith, "When executing social media strategies, it is important not to talk at your customer, but to take steps that open a conversation or encourage engagement. Once your customer engages with you, your brand is exposed to many more potential customers."

Results of Engagement

Relationships formed online result in people planning to meet up and play together in the casino. Many casino marketers are surprised to find that the traditional casino demographic, women 40-55 years old, is in fact engaging in social media. Facebook provides demographics of a company's page; those demographics tend to mirror what the casino's database is showing.

Smith says, "We all know golfers who come home and talk all day about their round of golf, especially with other golfers. They relive every hole. Well, gamblers are the same way. When they go out for a night of play and they sit at a table for hours and are up and down, they love to talk about it with anyone who will listen."

Social media provides a forum for continuing the conversation. Leeds says, "We offer strategy to help casinos

harness those conversations and steer them in the direction to talk about upcoming events/promotions at the casino.”

Overcoming Perceptions

Just as we’ve groomed our casino customers across existing communication tools to expect a timely response—a phone answered within three rings or an e-mail within 24 hours—so we must shape their expectations in a social media environment. Answer a question or complaint lodged via Facebook or Twitter quickly and publicly: chances are, others have those same questions. So, social media is a very efficient and effective way to harness two-way communication to tell your story, rather than allowing the rumor mill take over. Bottom line: if you aren’t talking to your customers via social media, your competitor will be.

Smith recounts a casino client whose customers perceived that the rate of winning was low at a particular property. By monitoring social media, Masterminds could see that one person would post something along the lines of “no one ever wins here” and 10 people would chime in about the casino being tight with its holds, etc. Realizing that the lack of winning was actually just a perception, as hold rates were comparable to others in the market, Masterminds directed the client to broadcast customer wins via social media.

They posted photos of the winners and congratulated them on the website and on social media, and perpetuated winning stories. That online conversation of “no one ever wins” went away. Now, if one disgruntled person posts a negative comment, no one jumps on the bandwagon and the conversation dies. As a result, there’s a more positive perception of the brand among its customer base.

“Given the opportunity, customers love to tell you how to make your operation better,” says Gianni.

Managing the Social Media

The greatest expense surrounding social media is labor. Whether it’s managed in-house or outsourced to an agency, typically when a casino first launches its social media presence, the task is incremental to a current resource’s tasks. However, businesses are learning that the more successful they are at social media, the more followers, the more conversations, the more time it takes to manage. Typically, management of social media starts with a fraction of an FTE (“full-time equivalent” in human resources terms) and a few thousand dollars, and then grows into multiple FTEs.

As Smith says, “You’re inviting customers in by virtue of having a Facebook page, so customers expect you to be there to host the online party. You can’t not be there.”

Measuring Social Media

There are myriad ways to measure social media, including:

- number of fans/followers
- page views
- impressions
- quality of that community
- sentiment
- level of engagement

Gianni measures engagement through Facebook Insight Metrics that track the number of impressions and discussion points made during a period of time. For example, during a promotion, they monitor comments before and after the event to see if the numbers of commentaries are increasing as well as the nature of the content. It requires manual processes, but she says the feedback is worth it.

“In the future, we expect to see software solutions that will improve the evaluation of engagement as well as analytical tools specific to the gaming industry,” Gianni explains. “Right now, the tools available can track who participates in a specific program, if they endorse, share and distribute to their online friends and how that translates into click-through rates and conversions... as long as they are making a purchase. Today we use social media to create value, interact and improve the guest’s experience.”

The Power of PR

While we all look forward to the day when social media monitoring is as systematized as traditional media has become, none can deny that social media is good for branding. If you don’t have a strong brand, you have to buy customers through expensive reinvestment efforts. Accepting labor as a constant expense across a property’s marketing team, PR requires little additional cash outlay and is therefore a low-cost—and often-

overlooked—element of driving results.

“If you’re leaving PR out of your marketing effort, or relegating it to an afterthought, then you’re relying on your message getting out to a public with shrinking attention spans who are bombarded with advertising messages,” says Dave Kirvin, partner, Kirvin Doak Communications. “Effective PR differentiates, motivates and provides credibility in a very cost-effective manner.”

Kirvin continues, “It’s difficult to provide depth and context through a billboard or a 30-second television ad. A strategic PR effort builds credibility and consistency, two crucial components of brand-building.”

Perhaps it’s for that reason that if you ask Las Vegas what’s new at the 15-year-old Stratosphere, you’ll hear a unanimous, “Bungee jumping!” On Interstate 15 that cuts through the city, the property launched a somewhat ambiguous billboard about its newest experience. There was no ambiguity in the media, however, where it was hard to miss the enthusiastic reviews from reporters from around the city and across the country coming to Vegas to take the 855-foot plunge.

Most PR practitioners, those in-house as well as in agencies, are adding social media to their list of services. In fact, marketing dollars for traditional public relations efforts have been shifting to social media. However, there is an important distinction: PR is one-way communication; social media is two-way.

Gianni says, “What these two channels do have in common is raising credibility. Readers, followers, fans are more likely to believe information more when it comes from the press or when they read it online from other customers’ reviews than when a company tries to ‘sell’ them.”

Kirvin says, “Our clients are looking to raise awareness and through that awareness drive action. The action varies by client. It can be to drive business or educate the public or even raise money for a non-profit. But every campaign starts with an objective, and part of that objective is always the return on investment.”

Measuring the Marketing

Social media may be the new kid on the block, but at the end of the day, it has to be experimented with and measured. If social media could learn one lesson from the measurement challenges presented in traditional casino marketing, it would be this: control your experiment.

Close your eyes and think back to 7th grade science class. Yeah, the room smelled bad and the teacher wore a different ugly tie each day, but what else? Right: the basics of constructing an experiment. We learned that when designing an experiment, we had to first develop a hypothesis—the concept we were trying to prove and our anticipated results. Next, we learned that we could only measure one variable at a time while everything else must remain constant.

It seemed so simple back then, but somehow, it’s become muddled in today’s casino marketing environment. The pros agree: it’s muddled. At most casinos, there are too many promotions or variables in play at a given time, rendering measurement of any given one scientifically impossible.

“On a given day in a gaming environment, there may be a senior day, a dining offer, a slot tournament, etc., so it’s difficult to measure the impact of a single promotion on the business,” says Michael Meczka, president of Meczka Marketing/Research/Consulting, Inc. “Just look at the direct mail you receive. There’s a dollar offer, a direct free play offer, a multiplier day offer, a senior offer, a redemption coupon offer, a spa offer, discounts in shops, etc.—all in one mailer.”

Andrew Klebanow, principal with Gaming Market Advisors, observes the same phenomenon: “Clients typically ask me how to measure a promotion. I have to explain that in order to effectively measure a promotion, there has to be just one in play.”

He explains that the truth is in the P&L, and that he extracts all marketing expenses from the P&L and produces a reinvestment analysis that takes a comprehensive and honest look at marketing expenses and ROI. Klebanow acknowledges that marketing teams are under a tremendous amount of pressure from corporate and tribal ownership to constantly promote. There’s a fear that if they stop promoting, customers won’t come in, which just isn’t true.

Gianni observes, “Today’s tracking systems are so much better than they were a decade ago that there should be no excuse to continue to run legacy promotions that do not generate a profit, yet it happens. For one new client we audited, there were events layered on top of other events and promotions on the same weekend. Turned out, there were customer segments where thousands of players had comps exceeding 100 percent.”

Lessons Learned: Reapplied

When a new method of communication is introduced, marketers scratch their heads, attend conferences and debate its integration into their existing marketing mix. Our generation lived it with the introduction of the web; our grandparents’ generation lived it with the introduction of television.

Then there was cable television. Martino remembers a client in a rural area coming to her firm asking to buy ads on cable rather than network television. She had to explain that, at the time, the only way to target an ad to her client's market was via local network television, and that buying ads on cable TV would involve spending obscene amounts of money to reach a national audience, 99 percent of whom were nowhere near her client's property.

Martino explains, "I've had the same experience more recently with satellite radio. It was hip and new and my client listened personally. I had to explain that we couldn't extrapolate our personal listening habits to those of our target demographic."

Now, there's social media. As with the other new media that preceded it, social media is here to stay. Individuals have become broadcasters, and one good or bad customer experience is spread virally in seconds. Our customers have become our best marketers, and we must engage them and harness that conversation. And that's the cost of conversation.

By [Nicole Wolf](#)



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