Understanding Each Casino Customer Better Through Marketing Intelligence

December 30, 2024 **John G. Brokopp, CDC Gaming**

The multitude of data and statistics that casino marketing divisions have the ability to extract from their slot machine and table game inventories has changed the way loyalty programs and player investment strategies are formulated.

The question: Are the data and statistics being analyzed to their full potential to add a creative dimension of value to the products? And further: Do the marketing team members possess the knowledge and expertise to accomplish this?

Leveraging data that casinos already have and turning it into recommendations in terms of what decisions casino properties can make to improve performance and revenue-generating power is the new strategy. Ultimately, the goal is to better align player demands with the supply of assets, be that table games or slots.

Arguably, the most misunderstood population of gamblers is slot players. It isn't that data and statistics are lacking. The weakness casinos experience is taking that information and knowing exactly how to thoroughly analyze it to make changes that will drive ROI and increase customer satisfaction.

One company that is striving to make a difference in the slot player sector, just as it accomplished in the table game sector, is Waterloo, Canada-based Tangam Systems. Using the company's SODA Marketing module enables operators to maximize profit by optimizing market spend on key patron groups, like free play abusers, advantage players, and high-churn risk players, as well as under-invested groups.

Up until five years ago, Tangam Systems' primary area of concentration was on the table games sector. Then, according to Maulin Gandhi, a co-founder and president of the company, "A lot of our customers came to us saying that they would like us to solve slots the way we solve table games".

"With slots, there was a lot of analytics available, but there was very little analytics that enabled operators to make better decisions," he continued. "So, we created a whole recommendation engine for slot operators to optimize the product offering based on using the same philosophy that we learned on table games sites, namely understand the performance of the machines and understand customer behavior."

Gandhi acknowledged that, ideally, analysis required of operators in the slot sector is to "marry" the customer data with the slot data to truly understand player behavior. The problem was, they lacked the knowledge and expertise to do it.

"Since going down this new path, we have been very successful with SODA, our slot optimization product, by fundamentally applying the same principles that led to the success we have had with our flagship TYM software, Table Games Yield Management," Gandhi explained.

"The goals are the same, to give operators the decisions that help them drive improvements in performance. As we continue down this journey, talking with slot operators and focusing on customer behaviors, we also discovered that there was an interesting imbalance in marketing offers that were going out to those customers."

Gandhi is quick to point out this is not the fault of the marketers. The concentration with them is looking at the customers without looking at what products those customers are playing. He said that the only way the Tangam Systems software discovered it is because the SODA Marketing module "marries" product information with the customers and reveals exactly how they are using their marketing offers.

"In doing so, we are able to uncover entire new segments of opportunities that the marketing teams can utilize," Gandhi said. "Again, through no fault of their own, they were unable to do this with their existing tools."

This enabled Tangam Systems to create an entire new level of intelligence on the marketing side. It became possible to identify customers that were abusing some of the marketing offers that they were receiving; for example, zeroing in on guests who play on certain machines which can create a situation where it looks as if they have lost a considerable sum of money.

"From a marketing perspective, once you are able to determine that a customer has lost a lot of money, they become part of the marketing program," Gandhi said. "These customers then start abusing the program by just converting all the offers into cash and walking out the door. It just isn't abusing the system. It's actually a scam.

"Customers are walking out with two, even three thousand dollars every month in marketing offers from the property. The marketing team had no idea that those customers were actually creating a false environment that our software uncovered. We know the product side of the equation. We discovered that the games they were playing enabled them to look like they were losing money when they really weren't."

The result was revealing an entire new layer of recommendations for the marketing teams to identify individuals upon whom they are investing millions of dollars every year, enabling them to take advantage of the programs. Tangam Systems was first in the gaming industry to recognize not only this, but also advantage play slot machines.

Gandhi said that Ari Mizrachi, who joined Tangam Systems in 2016 as Director of Client Success, was instrumental in alerting operators to the dangers of advantage play. A gaming industry veteran with extensive knowledge of the operations side, Mizrachi currently serves as head of North America business for Tangam Systems.

"He was the first one that started sounding the alarm about the whole segment of advantage play, which never before existed on the slots," Gandhi said. "He was first to identify it as something that was going to become a much bigger problem in the industry."

Gandhi said that Tangam Systems went about studying slot machines with the same vigor, precision, and attention to detail as they did with table games.

"We soon recognized that in a manner similar to how table games connoisseurs attempt to take advantage of the products in a certain way, so did slot players on certain products," he said. "As a result of realizing their methods were much easier than counting cards, these so-called advantage players are labelled as 'vultures' by some organizations.

"Whatever name is given to them, they have become a big problem in the industry, which is why automatically identifying these groups of customers and identifying which products are vulnerable to these advantage players has become a priority."

Gandhi is also aware that there is another segment of the gaming population which is being under-invested by casino marketing divisions: customers playing less than optimal strategy on certain games like video poker, or blackjack players whose decisions at the tables conflict with basic strategy players.

"Being able to identify these groups of players allows marketing teams to allocate their marketing dollars using the reinvestment strategy Tangam Systems reveals," he said. "In essence, we are able to 'marry' customer behavior with the products they play to give properties a truly holistic profile of each one of their customers."

Source:
https://cdcgaming.com/commentary/frank-floor-talk-understanding-each-casino-customer-better-through-marketing-intelligence/

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