

Gloria A. Irwin has a multi-faceted casino management background working in marketing, player development and casino operations including table games and slot operations. Gloria has a focus on customer management and guest relations, having worked in property and corporate functions in customer satisfaction assurance and has worked with organizations including The Walt Disney Company, Harrah's Entertainment and most recently, The William Ryan Group. Gloria is particularly expert in utilizing advanced technology and process improvement methodologies to increase customer service, guest satisfaction, and player loyalty.

The Dollars and Sense of Effective Service Technology Initiatives

Casino operators are continuously faced with decisions when considering the newest technological tools and software applications promising to increase revenues and improve their business practices. While there are global financial methodologies utilized to evaluate technology purchases, this article will dissect and examine additional metrics that are critical to consider when making a capital investment relative to offerings that impact and manage customer interactions for your operation.

In previous *Casino Management Enterprise* articles, my colleague Tom Platt has articulated the linkage between creating customer apostles and short and long term revenue growth, and detailed how implementing the William Ryan Group's Real Time Customer Service™ management systems increase customer service, employee efficiencies and profits.

That good customer service and effective marketing drives revenue growth, and great customer service and marketing even more so, is well documented, but by how much? What is the translation to dollars, and what are the corresponding value equations that reveal the financial sense of adopting systems and processes that deliver managed and controlled service and marketing interactions?

As this consideration is critical for any service environment, and particularly so for the gaming segment, this article will focus on the value of controlled, targeted customer service and marketing initiatives in the slot environment, and quantify certain elements of an ROI model by examining:

- The lost opportunity of not leveraging available information from disparate databases to understand the value of customer management
- Revenue lost to customer defections because of poor service experiences leading to customer defections and consumer "terrorist" activities
- Increased revenue due to increased customer loyalty because of great service experiences leading to the development of consumer "apostles"
- Increased revenue due to machine uptime (back in play)
- Decreased labor costs due to increased labor efficiency
 - First Call Resolution
 - Labor Reallocation "On the Fly"

One of the challenges that has inhibited the goal of quantifying the benefits of customer management offerings is that, despite the overwhelming amount of data available in slot management and customer relationship systems, there is a lack of analysis between these separate data points. In addition, there has traditionally been a lack of attention to the linkage between customer satisfaction survey data and the on-the-floor metrics available in every

department in the casino/hotel environments. Combining the information from these systems, properly filtered and cross referenced, allows for the correlation analysis necessary to quantify and understand a product or application's ROI potential.

As an example, listed below is certain pertinent data taken from these disparate systems we will use as specific criteria for this study. We have chosen a sample of a casino property considered to reside in a "day trip" marketplace, although the considerations are valid and work equally well for a destination or any casino property. The model is customized to integrate the gaming tax rate of the jurisdiction, market share for the particular property analyzed, and incorporates player and slot machine profile data and service event metrics.

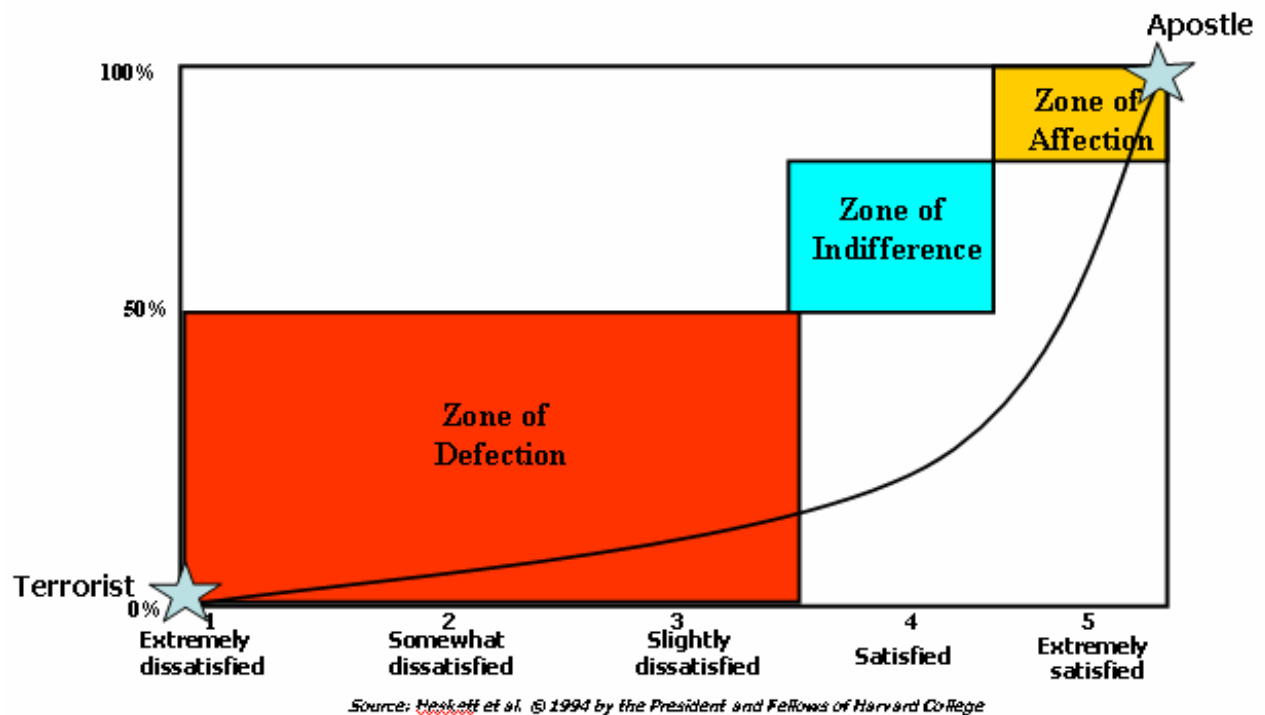
CASINO X

Annual Transactions	730,000
Transactions per Day	2,000
VIP Segment Annual Worth	\$5000
Mid Level Segment Annual Worth:	\$1000
Win per Machine:	\$350.00

We will use combinations of these data points as we continue this study, first by combining specific customer survey data and specific player on the floor service event data with a players worth and continued value over time to provide the information identify the service standards necessary to avoid creating customer defections, or even worse consumer terrorists, and alternatively to identify and deliver superior service to your higher valued players. Real Time Service management systems then use these standards as rules to control and deliver good service on the casino floor to keep your customers satisfied at a minimum, and great service to targeted high value players you seek to thrill.

REVENUE LOST DUE TO CUSTOMER DEFECTIONS

There have been multiple studies that indicate a customer will defect and not return if they move from a 2 to a 1 (Scale of 5-1) on a customer satisfaction rating, with a 1 being totally unsatisfactory. We've referenced these customers as "terrorists" in previous articles and will examine how much they can impact your organization if not neutralized successfully. We have referenced this illustration of the Apostle/Terrorist in prior articles and bring it back this month to visually note the Zone of Defection.



Consider the example where a slot floor had 730,000 transactions in a year involving an attendant with 5% or 36,500 transactions having exceedingly long response, complete or overall service times. If over the course of this year customers repeatedly have these negative experiences as many as 10% or 3,650 of these customers can and will defect to the competitor. This would result in the casino losing \$3,650,000 if an average customer has a \$1000 theoretical worth annually, or \$18,250,000 if the customer is a VIP or \$5000 theoretical worth.

This math punches you in the face with another important consideration. This clearly illustrates that all customers are not equal (not even close) and casinos that are not focusing on their VIP segments should rethink their strategies.

INCREASED REVENUE DUE TO INCREASED CUSTOMER LOYALTY

Good service is necessary to survive the long run in business but great service is what sets operators at the head of class. This concept is certainly not novel but we see bland and boring service initiatives being executed all day long. There is no silver bullet for customer service and trying to make everyone in your database "RAVING FANS" is impossible. Sure you want all of your customers to be satisfied but targeting your premium segment and blowing them away with service is what drives increased loyalty and revenue in step.

If a customer is a top level customer in your database, everyone should know. Not just your casino hosts, everyone in the operation. Moving a customer's satisfaction rating from a 4 to a 5 (top rating) can equal one additional incremental visit to your operation per year and can be quantified using a win per visit metric. Let's say 5% or 36,500 of the 730,000 transactions have been considered good service experiences. If 2% or 730 transactions are exceptional, driving top box service scores, a casino can add \$730,000 for mid level customers annually and a whopping \$3,650,000 for VIPs. A consideration worth computing in ROI models for certain. Increased revenues in non-gaming venues (hotel, restaurants, gift shops, shows, etc.) should also be considered.

I again point to the obvious opportunity for organizations to focus on premium customers. Operators try too often to be everything to everybody and miss the opportunity to draw out three or four VIP "apostles" a day. Using rules based technology, a casino marketing executive identifies players meeting criteria's set forth by management and then takes action by proactively offering a comp or recognizing a customer hasn't been to the casino in six months. Rules are layered and targeted player opportunities reveal themselves enabling the staff to drive a "WOW" service experience for the unknowing customer. Back end data measures the number of opportunities presented to each host/employee and quantifies the percent responded to and the correlating behavior change/revenue increase from normal play patterns. This data is gathered for post investment return analysis.



INCREASED REVENUE DUE TO MACHINE UPTIME (BACK IN ACTION/PLAY)

There can be no argument that machines in tilt are missed revenue opportunities that can easily be quantified. Increasing machine uptime saves the casino thousands of dollars a day, not to mention decreases customer frustration. As I write about this topic, I cannot stop thinking about a story told to me by a world class gaming expert, Bruce Rowe. He describes a time he goes to try out a new \$.5 cent game at a famous Las Vegas casino and attempts to insert a \$100 bill. Not too frustrated the first time the BV rejects his bill, he moves to the next one. After unsuccessfully trying the next BV, he proceeds to attempt every game on the bank to no avail. Not one machine could accept his crispy \$100. He proceeded to call the VP of Slot Operations which happened to be a friend of his, and warned him that he performance metrics would say that those shiny new games were very unpopular and should be yanked from the floor. The truth be told, the games were never played because they wouldn't accept money.

Decision makers can calculate minutes saved per event and apply that to transactions per day and then multiply the average win per day per machine. The following example illustrates this and then calculates the win per minute/day and rolls it into an annual win increase number that is plugged into the ROI analysis:

Revenue Increase

- Minutes Saved per Event 2.0
- Transactions per Day 2,000
- Average Win per Day per Machine \$350.00
- Win per Minute \$0.24
- Additional Daily Win \$972.22
- Annual Win Increase \$354,861

DECREASED LABOR COSTS DUE TO INCREASED LABOR EFFICIENCY

While customer service excellence increases revenue in the examples above, there is no doubt that labor efficiencies decrease expenses. With technology that identifies the event problem before responding, casinos can take advantage of the opportunity of first call resolution. For example, identifying the proper service personnel equipped and/or authorized to service the event on the spot such as a technician to fix a printer/bill validator error or sending a supervisor to authorize a \$10,000 jackpot.

In TITO environments where labor is reduced dramatically (proportional to transaction reduction), the employees are covering much larger areas and have more difficulty identifying outages visually. The elimination of roaming and sending the attendant directly to the outage minimizes the downtime for the outage and puts the game back in service expeditiously.

These types of efficiencies can be measured by the analysis of FTE reduction. The example ROI shows that this casino realized a labor savings of one shift at \$12 per hour, \$105,000 annually and a total of 4.2 full time employees per week.

Considering all of the four criteria above, we can extrapolate the value of a real time, rules based system in a consistent, measurable fashion. Future articles will expand upon these notions and offer a more intrinsic look at marketing and service opportunities based on targeted on the floor marketing initiatives that marry direct marketing objectives.