

Test and Control: Why It's the Most Profitable Analytical Technique in Gaming

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Tuesday, January 29
10:00 am – 10:45 am

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Agenda

- Past challenges
- Implementing Test & Control
- Testing recommendations
- Successful examples

Marketing Myth

- A postcard to 10,000 players contains a \$10 offer
- 4000 players redeem that offer (\$40,000 expense)
- Casino generates \$100,000 of play the day they redeem

Myth:

**The program has a profit of \$60,000
and an ROI of 150%**

Common Pitfalls

- Target high frequency guests with an offer they will redeem just because they're in the building
- Miss opportunity to drive incremental play from low frequency guests
- Favor programs that drive redemptions over those that drive profitability

Introducing Test & Control

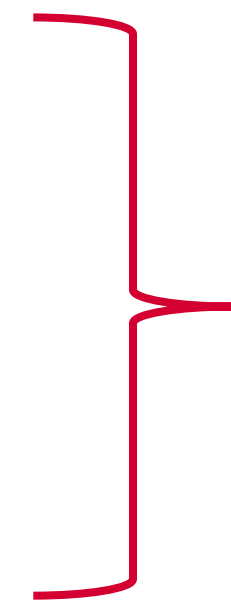
- **What is it?** A method to test effectiveness of marketing programs by withholding a random sample (or control group) from mailing
- **How?** Compare mailed group's performance to control group's and evaluate how much the program drove incremental ...

–Players

–Visits per players

–Play per visit

–Expenses



**INCREMENTAL
PROFIT!**

The Challenge

- Creating the Test and Control segments correctly
- Analyzing correctly
- How to get started

Implementing Test & Control

Segmentation

- 1:1 marketing
- Segments characteristics
- “Core Mailers” must have “Core KPIs”
- Segments must reflect the goals of each marketing campaign
- Statistic Validity – As a rule of thumb, a segment should be able to produce at least 200 gaming visits for the duration of the campaign for enough data for statistical significance.

Identify Marketing Opportunities

They're everywhere! Establish a process to identify the best ones:

- Start by looking at customer behavior and dimensions
- Review a YOY report to measure performance across key metrics, and identify what's working and what needs fixing
- Look at campaigns that cover the customer lifecycle

Plan Your Test

- **Every month, find multiple non-overlapping segments to test**
- **Create your pre-forma and your matrix**
- **Run your segmentation and create a well-balanced test and control**
 - Don't assume that only selecting a random sample will give you a balanced test
- **Analyze your results**
 - Normalize your results to take into account outliers
 - Did it work?
 - Why did it work?

Testing Recommendations

Where to Begin?

- **Start with your core mailer**
 - What segments are testable?
 - Are segment KPIs meaningfully related to campaign goals (drive a trip, retain play, increase wallet on a visit)?
 - Are the offers meaningfully related to campaign goals?
 - Is reinvestment optimized?
- **Is there room to layer on top of the core mailer?**
 - TEST!
 - Appointment marketing
 - Triggered offers

Upside of Testing

- Test & Control builds on past success
- If you increase profits by \$10,000/month, your total profit increase is NOT \$120,000 it is \$780,000
- Testing motivates marketers to come up with new, innovative ideas

Success Happens

Casino in a highly competitive market

- Play “Earn and Get” test program
- Increased visitation and ADT
- \$200,000 Annualized Net Theo Win

Casino with a very locals market

- Created test on offer cadence: two/month to five/month on their high frequency segmentation
- Increase visitation and ADT
- \$300,000 Annualized Net Theo Win

Success Happens

Large Midwest Casino

- Create test to add food offers to their Inactive mailer
- Increased number of players
- \$60,000 Annualized Net Theo Win

Small Southwest Casino

- Tested adding a new mailer as part of customer lifecycle
- Added Decliner program
- \$400,000 Annualized Net Theo Win

Winning Results

- 600+ Slots
- Two marketing team members executed first Test & Control
- Ran “Earn and Get” program and successfully got low-end guests to “play up”
- For just two segments (\$15-\$25 and \$25-\$50 ADT)
- Marketing estimates Annualized Net Theo profit of \$500,000

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CONTROL

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