

LOYALTY PROGRAMS – ARE THEY THE ANSWER TO CUSTOMER LOYALTY, INCREASED PATRONAGE AND SPEND?

When in Las Vegas, I was drawn to the various marketing campaigns that were focused upon Loyalty Programs, with each Casino trying to out do the other to attract customers by giving them “comps” that would create their loyalty. Or do they? That is my question to you. Over the past 4 weeks I have had the opportunity to visit a number of venues, spoken to many of you who are looking at or have relaunched your Loyalty Programs or are crunching the numbers to perhaps investing in a Loyalty Program over the next 12 months or so.

I will profess right from the outset that gaming analysis and what makes the player spend more on one game instead of another, is not my speciality, instead my association with the Club industry over the past 12 years has been Customer Service focused and so my view comes from that perspective. You may not agree with what I say, but it may at least have you ask the question;

“For our Loyalty Program to be successful do we have a solid foundation of staff and management who provide excellent customer service; a venue that has a welcoming, positive ambience that is well maintained and offers a range of entertainment, facilities and dining opportunities”?

Personally, I don't believe that a Loyalty Program will be successful unless it is underpinned with a solid foundation, and the most critical is the staff who support the program. They must be excellent ambassadors for the Club exhibited through their dedication to their role and the relationships they build with patrons.

As reported in the Las Vegas Sun newspaper on the 6th January, 2011, “Las Vegas casinos pioneered the concept of comps – freebies, discounts or special treatment for gamblers to soften the blow of gambling losses and make regular folk feel like VIPs. As loyalty programs spread to nearly every corner of the consumer products landscape, Las Vegas and the gaming industry have been behind the curve in including all forms of spending in the reward equation, however.

“People won't be redeeming points for toasters”, said Bill Hornbuckle, who oversees the program as MGM Chief Marketing Officer. “Loyalty programs that work involve emotion”.

MGM Resorts International is hoping a good emotional experience will cement their customers' loyalty: Depending on how much you spend – not just gambling, but shopping, nightclubbing, dining and on shows – you might leverage a chance to mingle with celebrity chefs and world class boxers, appear in Cirque de Soleil production, swim in the shark tank at Mandalay Bay or dine alongside the Bellagio fountains choreographed to the song of your choice (Cue the marriage proposal)

Customers will receive rewards two ways:

- Via personalised offers viewed by logging onto the program's website and
- In the form of comps members can select for themselves.

“Consumers like to have choices as opposed to being told “this is your reward”, “ said Michael McCall, a research fellow a Cornell Univesity's Center for Hospitality Researach who has studied the effectiveness of loyalty programs. Rewarding customers for what they spend rather than how they spend also makes business sense. “

Of course the Tiered Loyalty Programs have the “sliding scale” factor, handling decreased spend tactfully is key, as many programs demote otherwise profitable players if they don't spend enough within a designated time period and “people don't like it when things are taken away from them”.

I believe, if you are going to have “gift redemption” then it needs to be more than just offering a certain gift just for spending enough on the machines, it needs to be personalised. Creating the “Wish List” may be a way of giving the player what they want instead of you giving what you want”.

I was fortunate to meet with the Rymax representative at the Global Gaming Conference, who supply many of the Casinos in the U.S., offering quality products from top international brands. Offering players quality products via online catalogues with direct shipping or display case within the venue and special gift nights for specific Tiered players all involves emotion and the feeling of purchasing something of quality and in some cases uniqueness.

But do these Loyalty programs really build customer loyalty, or do they just become an expectation?

So of course, that begs the question, “What really builds customer loyalty?” Perhaps looking at a few of my own customer loyalties might shed some light. I consider myself to have strong customer loyalty to the following companies (and for the following reasons):

Noodle Bar Restaurant, Macarthur Square – friendly, smiling staff, management acknowledgement and a friendly chat, consistently good food, reasonable prices, remembers that my daughter doesn't eat peas, very clean

Shell Service Station, Narellan – clean premises, friendly smiling staff, hand wipes at the petrol pump, fuel nozzles that aren't twisted, air pump that works

Coffee Gossip, Narellan – friendly smiling staff, make my coffee just the way I like it, clean, background music, variety of seating styles.

Yes, I am loyal to all of the companies listed above, for many reasons that may be similar and some that may be unique to that specific kind of business. I do realise that what makes ME loyal may be very different from what makes YOU loyal.

And as I try to distill what the learning from my personal loyalties may be for you and your club's efforts to build real customer loyalty, I believe that being "Valued and Easy to do business with" is essential to loyalty.

While you may have great machines, multi terminals, entertainment, promotions, good food, facilities and excellent players benefits and other features that matter to your customers, you will never have loyalty if you have employees that cannot (or will not) act on behalf of the patron, that do not make the patron feel valued.

When You Really Get Down To It, Loyalty Is Produced (Or Enhanced) By Your Employees – **loyalty "programs" don't produce loyalty, people do, namely your EMPLOYEES.**

If you really want to build player loyalty that your competitors can't copy, you'll want to have your managers on the floor touching your living, breathing players. You'll want your frontline team members treating your "strangers" even better than your "regulars." You'll want to sit down frequently with your best patrons to ask what you can do to make them even more loyal.

Clearly, Loyalty Programs have a role in enhanced patronage and its attendant positive impacts. However, they need to be developed and promoted on a solid emotional foundation – the key to this foundation being how management and staff relate to patrons.

So think about player loyalty not as a program or a pile of benefits, but more how your Club can give your patrons a "piece of your heart" rather than a "piece of your wallet" and your rewards will be bountiful.

OOPS offers a number of tailored programs for the Club industry including:

Customer Service Training – Frontline Staff First Impressions (incl. promoting Loyalty Programs and Membership with finesse)

Mentor Training – Supervisors and Duty Managers

Research – OOPS Insight Reports (Mystery Shopping)

Data Analysis – Trend Analysis Reports

Competitor Audit & Positioning Map Analysis

Call Michelle Pascoe today on 0411 146 450 to discuss how OOPS can