



Generational changes and the land based casino industry: Are you in good hands?

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Two weeks ago I had a nice conversation with a friend from another country who, like me, has made it a habit to visit as many gaming operations as possible and as frequent as we can. Like many, we both feel this is a good way to keep the pulse of the industry at our jurisdictions and spend some good time socializing and networking with others.

She told me her observations about a characteristic shared by a significant percentage of regular visitors to almost every casino nowadays. Specifically, she told me about her perspectives on age segmentation. She even went ahead and asked a couple of casino managers *when was the last time they had looked at their patron's age ranges? Moreover, if they had correlated age segmentation to revenue?* Both of them admitted they had to ask the marketing department about it and get back to her.

After a couple of days, both came back with the same answers: Their **casino customers were very old but their disco', bars and restaurants were full of much younger clients. Frequency was much higher for the oldest age range segment** and it had been that way in recent years. Yet, **played amount for elders were much less than other segments in an average-per-player basis.** They were surprised to find that total weekly bet amount from this segment was becoming less and less as time progresses.

If you are reading this and thinking '*yeah, well, isn't that all around the gaming industry?*' You might be right and you are not alone. We should know that, not because most operations are showing these same trends, it is a good thing. **Generational changes are approaching fast and should be a significant consideration on our strategic planning and our budgets. It should be priority topic for marketing.**

Significant amounts of ink have been used in recent years to address this phenomenon: Books, seminars and magazines have spent considerable researched time on the characteristics of seniors, baby Boomers, Millennial and Gen X... . A few optimists in the gaming industry think that, eventually, these generations will follow path with their predecessors and continue gaming patterns even if with minor changes. What if they don't? What if their attitude towards gambling,

as we know it becomes very different? To me, I feel the casino industry is not paying attention and not doing enough to prepare.

Traditionally, there are two simple approaches to evaluate the financial effects from oldest age segments: **i) Evaluate life time value, and ii) Consider the effect of natural attrition vs. cost of acquisition of new players.**

It could well happen that those considered your 'most loyal players' have an expected short gaming lifetime ahead. In addition the need for additional savings, health and medical care issues and increased cost of living, might severely limit the disposable income of these patrons. Their LTV hits considerable lows. On the other hand, aging can bring into play variables which, although considered natural, most of the time we do not think enough about them: attrition as the result of death, injuries and sickness, movement restriction, friends and family move away, need for more convenient locations closer to home,....

Attrition leads us to face the cost of acquisition of new customers if we are to maintain required volume of play. I am sure this is a constant concern task by management but, increasing competition and the characteristics of new generations could make this a very expensive objective. Players are becoming more and more demanding before they give you their time, money and eventually their loyalty, if any. As a result, player development and engagement are also getting more costly aspects of marketing.

Every jurisdiction is different and every age groups reacts differently to similar conditions. As a result, there is no textbook. Cracking the code of new generations is not an easy task. It takes understanding, learning and hard work top-to-bottom. Even then, silver lining is not sure thing for traditional gaming operations.

Several areas will require your foremost attention. Here are seven:

- ❖ **Marketing and the concept of Loyalty.** There will have to be smarter acquisition and player retention strategies. Even if you are the only casino available, younger generations are not willing to give you their loyalty just like that. They know their value to you.
- ❖ **Gaming Devices and Menu.** Truth is younger generation think of our slot machines as 'boring'. Some table games will never get them sitting at a table for a significant period. The new gamers have grown up with PS and Xbox, internet, social gaming. Slot machines need to have skill and social games where they can play together and not alone. Games of skill are not the boring wheels and spins. More engaging and skill demanding games in addition to social interaction should force significant changes to our game mix and floor design. The same way, table games have to make them feel in control and dominating. There is no place for luck with them. This is one of the reasons why poker has had so much attraction to younger generations.
- ❖ **Customer Service.** It's not perceived nor valued the same way by different generations of customers or service providers. Service is not only expected by newer generations of players,

it is demanded because they feel they deserve it in return for their 'short term' patronage. It is an entitlement. Faulty or incomplete attention to their demand will usually lead to immediate attrition.

- ❖ **Communication.** How you communicate with younger players requires careful attention to the messenger and the message. Use of computers, laptops, tablets and smartphones is mandatory. Social media is a key ingredient. Contrary to older generations, they do not get upset to receive messages at any time of day and night and do not feel the same about spam. Sometimes they will even enjoy it.
- ❖ **Branding and Co-branding.** Younger generation value and want to be associated with good brands. That is true for daily cloth and sport apparel to smartphone and tablets brands. Therefore, it will translate into your own brand and co-branding partnerships.
- ❖ **Structure and Floor Design** – To attract younger generations your building structure, architectural space flow and gaming floor dynamics must change dramatically as well as the focus on non-gaming activities like bars, disco-lounges, open spaces,... Many casinos have already acknowledged this change and have extensively renovated their gaming floors. There is no place for boring gaming!! Why waste the time when they can do the same at home or in the living room. Right?
- ❖ **Human Resources.** Younger employees have shown a variety of communication issues with older members of the team and Management. At the same time, service personnel need good training on how to deal with younger customers.

On a recent article on Global Gaming Business, the theory that Millennial might not have sufficient disposable income to gamble is presented among other interesting aspects of the situation. However, Millennial are spending significant amount of money on discos, lounges, pool parties and keeping their dress code among other activities set as priorities by them. **Saying 'they are not gaming' will not do it. They are gaming, socializing, entertaining and having fun.... we have to go to work! Get back to the drawing board!.**



AGL360CG, SRL is a gaming consulting company with strong emphasis on gaming and marketing analytics, metrics and KPIs development to be used by management to support sound decisions.

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