



## Loyalty Works Both Ways

**Lee Reuben**, joint managing director of Initial Rewards, extols the virtues of a competently devised player loyalty program.

**Loyalty programs** have progressed considerably since the 1960s and the halcyon days of the Green Shield Stamps, where a significant outlay on food and petrol, equivalent to that of a large detached house, could be rewarded with a motor boat. Today's consumer is not fooled by unworkable dreams and unattainable riches. Now we're faced with a quite different beast who is savvy and has the tools before them, at least where online gaming is concerned, to seek out the most competitive offer. By that we mean a brand that focuses, in the first instance, on making the player welcome with that initial hook before a well devised loyalty program ensures repeat custom.

The significance placed upon a loyalty strategy should never be underestimated when allocating a marketing budget. Quite simply, in today's climate where player spend is dwindling, the need to

incentivise has never been more crucial. Faced with limited monetary resource, the player will actively seek reward for their game play and this could ultimately be the decisive factor in why one operator is a preferential option to another.

### Defining objectives

When assessing loyalty concepts it's easy to forget the primary motives for introducing such a scheme. Loyalty programs are often introduced without clear objectives ultimately proving to be a costly, worthless exercise. Therefore, it's important that you clearly state your objective at the outset and devise a mechanism to achieve this.

The fundamental reasons behind the inception of a loyalty program include the acquisition of new players, improving player retention levels, and increasing the spend of existing players which

could, in due course, lead to them moving to higher margin products. An ideal set-up would incorporate all of these benefits but as an operator, you may choose to lever an offer towards a specific weakness in your business.

### Player tracking

Unlike the coupon collecting of yesteryear, operators today have a distinct advantage in that they can clearly track the traits and preferences of their player. This information is vital in forming a loyalty program as an operator can incentivise in a way that will maximise the results of these findings, ensuring the player has a program tailored to their needs. You're also in a strong position to evaluate your player's overall activity with your product and have a broad insight into the relationship as a whole. From here, you can assess what is likely to

incentivise that player to play more frequently or move to a higher margin game.

Devising that killer program is no easy task as there are a variety of different approaches that can be adopted. Player habits vary from one to the next so it's not a case of finding a solution that fits all

incorporated in real-time. A monthly statement detailing where points were accrued during a specific period is all well and good but the link between points and game play is clouded when analysing a set of figures. It therefore seems sensible to reward a player while they're interacting

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but incorporating a strategy suited to each level of customer. Clearly, you will expect to allocate a higher percentage of your budget to those players that are investing a higher spend in your site. That's not to say you neglect those entry-level players as they have the potential to rise through the ranks, and should be given every incentive to do so. Therefore, an effective tiering system to reward and recognise all levels of players, from entry-level to the high roller is a must. It's also important that the player recognises the system and understands how they will benefit from doing x, y and z.

### Conventional systems

The most conventional loyalty system remains the points-based system where increased activity will result in a higher return of points. They can then redeem points in exclusive branded stores with rewards that will have a high perceived value to the player. Loyalty point stores have advanced dramatically over the last couple of years because of tough trading conditions. New features such as advanced FPP searches allow the player to immediately locate rewards equal to the value of the points they've accrued.

It's important to incorporate new and innovative features, and reverse auctions fit that bill as they provide an interesting alternative to entry level rewards. The principle of the reverse auction is that the lowest unique bid wins the auction as opposed to the conventional 'highest bid wins'. This concept allies itself perfectly with those players who play less regularly and, therefore, have an inferior points tally. If they want to advance beyond entry-level rewards, the opportunity of competing for a higher quality reward through a reverse auction is likely to be more appealing, and brings with it its own form of game play.

### Efficient alternatives

Away from your conventional systems there are also some very effective models which can be

in the game in real-time. If a player is given points and reward redemptions 'instantly' they will see there is a strong correlation between game play and reward. Aligning reward with a desired behaviour will stimulate player involvement, thus increasing turnover over a period of time.

In addition to the trusted point systems, there are ad hoc alternatives which can run for a specific period to coincide, for example, with a major sporting event. During this promotion, the player completes a certain amount of plays/bets to achieve the bonus. This can be beneficial in re-igniting that link with lapsed customers who are driven by reward through minimal game play. It's not inconceivable that the player will then continue to play beyond the promotion period. This is when it's important to form a relationship with a player introducing them to the tiering system or providing

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a link to the loyalty point store. Operators now use SEO techniques to literally drive traffic to public loyalty stores to entice new players through their gift offering.

### Communication

Away from the logistics of reward programs it's important that you initiate a strong dialogue between your players. It's okay looking at sheets of figures and drawing conclusions about your players but nothing beats direct communication to find out if the service you're offering is fulfilling their requirements. The player will welcome this level of communication and build trust in the brand. If they believe they are receiving special treatment they'll be less inclined to venture to new pastures.

The high end player will expect the one-to-one, first name approach and with it, the full VIP attention in the form of rewards such as access to sporting events and music concerts or special experience days – rewards that money cannot buy (or are at least a bit harder to buy). Offering these unique experiences will position your customer in an elite bracket which will obviously carry huge weighting with their positioning towards your brand.

Another relationship, which is no less important, is that with your loyalty supplier. It's important that they share the same desire as you in keeping players loyal to the brand. A good supplier or partner will take on this responsibility and will ensure that the customer is king. Building strong communication channels is vital in ensuring that programs are successfully incorporated. It's important that they provide diversity and innovation so that an offering doesn't become stale. The need to have a reliable technology solution is again something that should never be underestimated. Poor functionality will only anger your player so it's an area that deserves a high level of attention. Finally, security is vitally important considering you will be sharing confidential data with your partner. There are also the added benefits of your partner bringing new opportunities to your business, potentially forming new strategic partnerships.

There are a plethora of options when devising the correct loyalty strategy for your business. Striking the balance between reward and profit

is crucial, as is understanding the primary motive for the inception of such a program. With a saturated market in an unstable economy, it's essential that loyalty programs are brought to the fore to maximise revenue. The realisation of how a successful loyalty program can drive turnover has been accepted by a proportion of the industry, however, there are many yet to fully embrace this vital marketing niche – raising the question, at what cost to their business?

**Next month Lee Reuben explores recent examples of industry good practice in loyalty marketing and reveals areas for sector improvement in the continued face of adverse trading conditions.**