Increasing Revenue While Forging a Successful Path to iGaming:

3 phases to success

The United States gaming industry is on the brink of a very exciting era. The recent Department of Justice ruling stating that most forms of online gaming are not illegal has created vast opportunities for those that are prepared to compete. However, once individual states fully sanction iGaming within their borders, casinos will have to compete as never before, so preparations must begin right away.

In addition to the lack of physical and distance constraints that characterize the web, a sudden legitimization of iGaming will also result from online regulation. This will mean that, although offshore sites will likely remain 'off-limits' to U.S. residents, many of these sites will suddenly enjoy exposure alongside sanctioned online casinos. As well, no longer bound by driving distances, consumers will now most likely rely upon a quick Google search to pick a site that's fun, safe and easy to use.

Operators that make the first move and gain an early foothold in creating an engaging online environment for their players will be able to transition them successfully to playing online. In the process, certain key steps will also allow immediate returns by guiding them back and forth between the onsite casinos and online. By participating in a fun, safe and enjoyable environment online, players will eventually embrace the arrival of iGaming.

This white paper discusses a three-phased approach to forging a successful path to iGaming.

Phase 1 Creating the Casino>online>Casino>online cycle with your most loyal players

Most land-based gaming operators are very good at engaging players while they are physically onsite. They immerse players in a thrilling environment complete with flashing lights, sounds and exciting imagery. However, as soon as players leave, that experience vaporizes. Most players are typically left with little more than a fleeting memory of the entertainment they enjoyed. Worse yet, many feel some remorse since they are likely walking away with a little less money in their pockets.

It is no secret that people enjoy gaming for two main reasons: the possibility of winning money and the entertainment value of playing the games. It is by focusing on these two elements that operators can extend the experience online to initiate a sustainable cycle. Free and fun loyalty and promotional environments reinforce the gaming experience and the positive elements of the gaming operator's brand. Fortunately, gaming operators typically possess a significant database of players in their reward and loyalty clubs. By creating an **interactive online rewards club**, a gaming organization can immediately begin building loyalty *online*.

An interactive online player's club or loyalty site is really an extension of its offline equivalent. As opposed to a *'free play' site*, an online player's club's initial objective is to generate loyalty to the casino/track brand and encourage offline visits through games, promotions and other activities. This means that operators are able to benefit with an immediate return on investment; this ROI happens to be easy to track since these loyal players will typically identify themselves when they visit the facility

since they are part of the rewards program. This immediate revenue is generated in a well-coordinated program by guiding players back to the casino to gain more contest entries, find secret codes, pick up prizes, etc., which also creates an unmatched loyalty to the online brand.

The combination of interactive promotions and games (blend of casino-based, social, mobile, training and viral games) creates an immersive environment to which players will keep coming back. Note that unlike 'free play', this approach does not solely rely on creating an online casino game environment. Casino games are supplemented by other games to tap into the casino/track brand and motivate specific behaviors by consumers.


Few casinos extend beyond the inner circle of this diagram to enhance and prolong the casino experience with players

For example, in one of our most active interactive online loyalty sites (over 800,000 members), SplashDot recently ran a promotion that highlighted the immediate value of this approach. This promotion required entrants to visit the onsite casino to gain entries. The game associated with the promotion was based on Black Jack, but was more engaging in nature than the simple 'hit me' approach. Players were provided with secret codes at the casino which were redeemable online, and were then rewarded with points that could only be redeemed at the casino. The promotion resulted in over $4,000,000 in increased revenue during the period. The graphs below show the results:
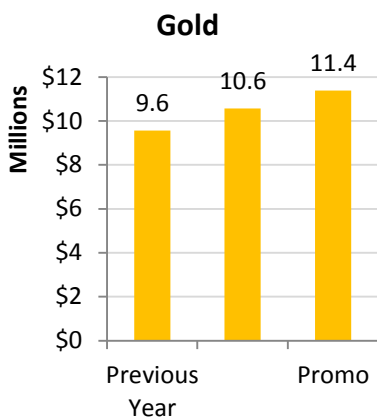
Gold member Slot-Win increased by 7.7% compared to the previous month and by 19.1% compared to the year prior.
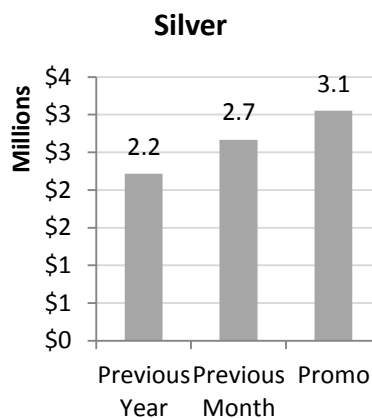
Silver member Slot-Win increased by 14.4% compared to the previous month and by 37.8% compared to the year prior.
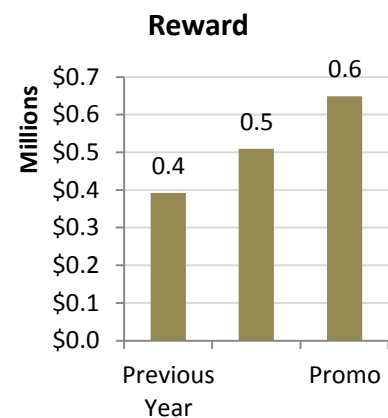
Reward member Slot-Win increased by 27.4% compared to the previous month and by 65.6% compared to the year prior.

What to ensure in Phase 1

- Leverage your most loyal player base, and use this base to build online loyalty, increase revenue and expand reach to non-players;
- Don't just rely on a 'free play' casino environment. These are everywhere. Instead, leverage the personality of your brand and build an online experience that players can only get from you and utilize games and activities that reinforce this brand;
- Explore the benefits of a player's club environment – these can include better responsible gaming strategies, cross promotional opportunities and many other untapped advantages;
- Start with a reliable and proven platform and approach. Many organizations have flocked to the online realm in the recent past – work with a trusted partner. By bringing your players online like never before, their expectations will be high. In the current era of pronounced hacking activity, your player data is as important as your physical assets – absolute security is the mantra to ongoing success.

Phase 2 Additional personalization/Additional services

Once an online loyalty environment is in place, you can start to gain more insight into your players' activities and offer them a more personalized experience.

- Virtual currency initiatives;
- Games targeted at different age groups;
- Higher complexity game experiences;
- Offers based on player history or tier;
- Horoscopes & personal calendars;
- Birthday rewards;
- Cross promotions with casino partners.

Phase 2 relies on the significant amount of data that is derived from Phase 1. Since players will be more engaged than ever before online, they will provide vast insight into their 'non transactional' practices. This can be leveraged by performing regular analysis on their interactions with the site, mining the data that exists, and offering them games and activities whose main objective is uncovering other pieces of information.

Phase 2 is truly about cementing the relationship built in Phase 1 and transitioning it into a more sophisticated interaction with every player. By adding more value to the online membership and keeping players engaged like no other competitor can, a strong brand affinity is established such that the transition to Phase 3 becomes as simple as flicking a switch in players' minds.

What to ensure in Phase 2

- Constantly review player data by tapping into strong analytics and compare such data with your offline loyalty data;

- Expand the sophistication of the online offerings (e.g. semi or full virtual currency) to make players comfortable in transacting. Use existing points program as currency for simplicity in some cases;
- Look for other revenue generating opportunities in the online realm that do not necessarily pertain to online gaming, e.g. partnership opportunities, sale of complimentary products, etc.
- Use the strength of your chosen platform to offer levels of engagement that now approach what players experience at your physical site.

Phase 3 Introduce iGaming

By the time online gaming is legal in the state in which your operation exists, a strong and loyal player base will exist within the player's club site; they will also be very comfortable playing online. This phase incorporates the online gaming component, which will not be discussed here as it obviously deserves extensive treatment. In this phase, the player's club takes its ongoing supporting role as a loyalty component, not unlike your offline player rewards program. The goal of Phase 3 is to continue to derive both offline and online ROI, and ensure players see the online casino as an integrated offering to the offline experience. This provides a unique competitive advantage not available to gaming operators that either do not have a physical location (e.g. online only organizations), or physical locations too distant to be of practical use to the players.

The online player's club and loyalty site also acts as a risk-free way for players to initiate a long term relationship with the casino or track, resulting in a great player acquisition tool in this third phase. The loyalty site will also continue nurturing and guiding your current players back to your onsite location. Having the two online environments will show players that their business is valued as they do not just have to spend money with you to be rewarded. The free promotions and contests add value to the transactional online environment, and will continue to enhance their ongoing relationship with you.

Operators must ensure they are ready for day one of online gaming. First mover advantage should not be treated halfheartedly. People that don't usually play online will sign up to see what's available, and what rewards they can hope to gain.

As Canada has discovered, a finely honed strategy is required to evolve onsite players to online. Remember that you are competing not only for the player's dollar, but also for their time. Continuously give them reasons to choose you.

What to ensure in Phase 3

- Security is now even more important than ever;
- Incentivize players for signing up to your iGaming site early. Ask for feedback and reviews on how you can improve the experience for them and what games they'd like to see;

- Continue the 'free' loyalty environment to further nurture players and help acquire new ones;
- Remember to keep pushing players through the onsite-online cycle to ensure you are gaining maximum ROI from both channels. Both these environments must work together for an exceptional well-rounded player experience;
- Keep your online environment as exciting as the onsite experience by continuing to hold regular promotions and rewarding players for choosing you.

About the Author

Patrick Watson, Chief Executive Officer

As the CEO of SplashDot, Patrick Watson has been advising clients on how to build effective online loyalty programs and interactive promotions since 1999.

Under Patrick's management, SplashDot has grown to become the leader in its field, working with 75% of Canada's gaming jurisdictions. SplashDot's clients include Ontario Lottery and Gaming, Atlantic Lottery, Western Canada Lottery, Great Canadian Gaming and other non-gaming organizations such as WestJet, Kraft and Bell Canada.

About SplashDot

SplashDot is a leading provider of online loyalty programs, interactive promotions, and games powered by the most comprehensive and secure technology, nCentive. SplashDot helps clients create a continuous and exciting relationship with their valued customers to provide both immediate and long-term ROI. Our customers choose us for our creativity, expertise and diligence in providing worry-free solutions every time.

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