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Tracking Evolution

By Frank Legato *Thu, Feb 25, 2016*

How player tracking has evolved over three decades—and where it still needs to go

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If player tracking, points and loyalty rewards are a relatively recent phenomenon in the 85-year history of the legal casino industry, evolution of the tracking function beyond the machines themselves with mobile technology, advanced geolocation and other enhancements is an even more recent development—and arguably the most critical one.

Just ask the man who invented player tracking.

In the early 1980s, John Acres introduced the first automated player tracking system through his company Electronic Data Technologies. “Steve Wynn wanted to put arcade-style ticket dispensers on his dollar slots at the Golden Nugget and I got involved in designing the electronics,” recalls Acres. “One ticket was spit out for every \$50 of wagers and, just like kids in arcades do today, slot players took great pride in accumulating long strings of tickets that could be redeemed for room and food discounts.”

Although players loved the system, the need for ticket refills and mechanical maintenance prevented widespread deployment and Acres went to work on inventing an all-electronic version.

“Around this time, hotels were replacing room keys with electronic cards,” he says. “I thought it was a pretty cool idea. Then in 1982, my kids were going to get a Texas Instruments ‘Speak & Spell’ for Christmas. It had this amazing, low-cost display, so I swiped their toy from under the tree and tore it apart. The kids never knew, and by New Year’s Day, we’d combined that display with a hotel room key

card to make the first automated player tracking system.”

Acres eventually sold his company and the system to IGT, using the proceeds to found Mikohn Gaming, which later became Progressive Gaming International.

Acres explains, “When I started Mikohn, it was all about electronic bonuses, especially progressive jackpots. We hit a home run business-wise but we couldn’t take the customer experience as far as I wanted. Progressive jackpots just don’t do much to create loyalty.”

So Acres sold his second company and started yet another, which became Acres Gaming. “Back then, progressives and other rewards were paid manually and players don’t like to wait. So we invented an automated bonusing system that could give rewards of cash or ‘free play’—which we called Xtra Credit—right at the gaming machine. Players loved the convenience, and we called the system Acres Advantage.”

Eventually, IGT bought that company too, and that product is today the IGT Advantage system. Other system vendors like Bally (now Scientific Games), Konami, Aristocrat and IGT picked up the bonusing concept and ran with it in a number of different directions during the early 2000s, from comp coupons printed at machines to instant credit awards to elaborate enterprise-wide bonus events.

Acres says the next opportunity is to personalize the player experience and extend it past the gaming machine.

“iPhones and Facebook have dramatically increased player expectations as to personalization, immediacy and accessibility,” he says. “It’s no longer enough to divide customers by spending level into a few tiers and send them monthly offers by mail. We’ve got to reach players on their phones, without asking them to download specialized apps. And we’ve got to provide more immediate, deeply personalized service.”

To accomplish that vision, Acres started a fourth company, which is appropriately named Acres 4.0.

“The problem that we face today is that we’re still running our player tracking as if there is a large number of people just waiting to come into the casino and play, and that’s not true anymore,” Acres says.

“And so, we have to turn that player tracking information into a change that we can make on the casino floor to create a more

compelling player experience.

“And that’s what we’re striving to do now—to find ways to use that same data. The gaming industry collects so much data, such a reliable set of data, in comparison to almost any other industry, yet we fail to use that data in a profitable way. A lot of times it’s just discarded, or ignored, or kept secret for concerns about security that are maybe overblown.”

Acres 4.0 has utilized mobile technology to create new avenues for use of all that data in its flagship Kai product, a management and communications tool that automatically mines all customer data and translates it into actions that can be taken immediately, in response to any variety of factors—from a good player placing a card into the machine alerting a host for a personalized greeting to everything needed to please a given player. It’s all drawn from the player’s historical data—play preferences, win/loss, favorite restaurants, favorite activities and a wealth of other factors—and channeled immediately to casino employees’ mobile devices for action.

“We can certainly understand when a player that matters to us first arrives, because we see their card inserted,” Acres says. “We’ll let you use that as cue, to send a host over to say, ‘Hi Frank, good to see you—haven’t seen you in two weeks.’ Then we can go to the database and present this information to a host on a mobile device, so they don’t have to have a perfect memory, but they can appear to—‘Hi, Frank, I’ve got your Jack and Coke right here.’ We can do a lot of anticipatory things to make the customer feel more valued, more special, to have a better experience. That’s our real opportunity.”

End to End

Acres 4.0 joins the major system suppliers in seeking ways to use data to improve the experience of players.

They’ve been on a mission for several years, actually. Through the 1990s, as Acres notes, there was a stagnation as far as innovation to broaden the scope of player profiles. “For about 10 years, we had this tremendous expansion of the business—we simply made more of what we had,” he says.

The Great Recession changed all that, and absent an inexhaustible supply of big gamblers, hardware in place to count the wagers would now need applications to better serve all customers. “When the

recession came, it really showed us the problem,” Acres says. “We now look back and we can see that we did have a set of aging players, and that we were not creating new players—we were simply serving pent-up demand.”

Development of player tracking system capabilities has ramped up since then, with innovation on both ends of the tracking cycle—development of a player profile with data on preferences, play habits, purchasing and other usable information at the front end; and new technologies helping to effectively use that data when the player visits a casino.

On the front end, much of the progress has come from widening the scope of the database of information available to casino marketers and hosts. That has meant increasing the touch points at which information can be gathered.

Scientific Games’ Bally Systems division, the leader in the casino systems space, has devoted much effort to broadening the capability of its solutions to gather and interpret data from a variety of touch points within an enterprise. “Bally systems now support retail ratings allowing for any POS outlet to configure point-earning values based on spend, creating a resort card solution,” says Martha Langer, director of product management-systems for Scientific Games.

“We also support many third-party interfaces for other revenues including sports betting, keno betting, simulcast and more that allow for a rating to pass into the systems and be configured to earn points. We are currently in the process of developing a big-data solution in the cloud to run through our Business Intelligence application. This can determine predictive analysis based on outside and inside information into your patron management systems.”

Langer says this information is channeled into an unlimited “Multi-Point Bucket” that allows for the creation of loyalty programs awarding points, cash, coupons and more. “Allowing for configurable earning and redemption rates across the enterprise, earnings can include slots, tables, retail, achievement bonus awards, gift deposits, prize maintenance awards and more,” she says. “We have also enhanced our loyalty card evaluation setup to include multiple types of expirations to support local and tourist card programs.”

Multiple touch points for data also has been a focus for Konami, and its fast-growing Synkros casino management system.

"Casinos are definitely expanding the value of player analytics by merging data on gaming worth with non-gaming indicators to generate a complete customer worth profile," says Michael Ratner, Konami's director of product management-systems. "By tracking a customer's spending behavior via loyalty program-enabled POS devices at all customer touch points—restaurants, spas, golf, retail, entertainment, etc.—that information can be combined with the customer's gaming activity to provide powerful insights that span all areas of operation." Synkros delivers the data to operators through a business intelligence tool called Konami Enterprise Intelligence (KEI). "KEI truly gives a 360-degree view of patron worth, enabling operators to make business decisions that impact their entire operation, from customer service to player reinvestment," says Ratner. "Ultimately, operators can make better decisions when armed with a more complete picture of each patron's total worth."

KEI includes a Patron Worth Evaluation tool that gathers highly configurable performance indicators to determine overall patron value across gaming and non-gaming amenities. "Integrated with existing POS and hotel interfaces, this tool is able to compile a total worth score for each casino patron in the property's database to better understand his or her full value, which is essential for effective and profitable marketing and service initiatives," Ratner says. "Additionally, that data can be leveraged through KEI's report writer and centralized dashboard to generate ad-hoc reports, queries, summaries and analysis."

IGT's Advantage System is developing along similar lines. Sina Miri, vice president of casino systems and system products for IGT, says the system integrates with both gaming and non-gaming touch points to capture relevant data for the marketing database.

"IGT Advantage Custom Ratings stores non-gaming spend information that casinos can leverage to reward players with either points or complimentary offerings," Miri says. "The IGT systems solution's flexible application programming interface (API) allows virtually any outlet either on premise or off premise to send its spend data to the IGT loyalty system."

Using the Data

Gathering information is one piece of the puzzle, but effectively using that data to service casino patrons is the other discipline that has been rapidly developing over the past few years. All of the big system

suppliers are working to make it easier to act on customer data. Scientific Games has been one of the companies leading the way in creating an online, mobile and cloud-based infrastructure for customer tracking. It's a natural extension of what Bally Systems has done on the casino floor with its Elite Bonusing Suite, which allows operators to customize bonusing to players while they are at their machines, as well as creating a number of enterprise-wide bonus events like its popular Virtual Racing module.

Bally Systems now offers Servizio, a tool to make it easy for marketers to reach, reward and communicate with customers while they are still in the house. "Our Servizio Mobile Service Solutions is a suite of intelligent, rule-driven applications that message your employees with key information," Langer explains. "Servizio looks at what's happening on your floor and tells your personnel what they should do about it— sending critical messages to your team members on their iPhone, iPod and iPad hand-held devices.

"It completely automates and eliminates the traditional casino dispatch system and other outdated forms of communication, increasing efficiency and elevating customer service to unprecedented new levels."

Servizio's suite of mobile apps covers any need that may arise: jackpot processing, player registration, host functions, proactive slot maintenance and more. "It's a versatile, mobile, smart-system service product, integrated to your floor specifications, customized to your needs, and managed by the parameters you set," Langer says. Konami's Synkros also is constantly offering new applications allowing for more efficient bonusing and customer service. Using the Synkros "Advanced Incentives Bonusing Toolkit," operators can deliver tournaments through the instant True-Time Tournaments module or interactive bonusing animations called BonuStream, which can be sent to targeted players in real time. "This helps ensure that patrons feel connected, valued, and in-the-moment," says Ratner. "Casinos, in turn, are able to target specific player behaviors and reward and engage their players accordingly. These real-time bonusing functions are an important part of Synkros' ability to reach players with an enhanced gaming experience."

The version of the concept included in the IGT Advantage system is called "Intelligent Bonusing."

"The shift from anonymous mystery bonusing to individual incentive-

based bonusing marks a significant industry change in its approach towards enterprise-wide bonusing,” says Miri. “Our customers have said the ability to target dwindling marketing dollars away from random chance to those players that have truly earned these bonuses has been highly effective.

“The customers have said they get the best of both worlds—higher gaming satisfaction from their best players and demonstrable return on investment. Today, the most valuable players are provided with increased loyalty incentives. Players know if they continue to play, a personalized reward awaits them. In the past, no matter how much they played, the reward was pure random chance.”

Not just enterprise-wide bonuses, he adds, but a bonus personalized to each player. “IGT Systems has evolved its solution to focus on complex near-real-time player segmentation,” Miri explains. “Instead of a player list that is dated as soon as it’s printed, the casino enjoys the ability to identify and reward valuable players in the moment. “IGT Systems has integrated its Intelligent Bonusing suite with this enhanced player segmentation engine to create a highly appealing player reward mechanism —variable free play. The more you play, the better your chance of winning a significant reward.”

More and more of those rewards are coming to players while they’re still on-property. “IGT’s solutions are built with extensibility through powerful APIs to enable casinos to market to players in real-time using the most valuable tool—the casino’s mobile app,” says Miri. “Rather than create yet another app for a player to navigate through, IGT believes leveraging the casino’s player app is the most efficient and effective way to reach the player.

“IGT’s sophisticated player segmentation engine acts as the foundation that provides key player information to the casino. The casino creates personalized offers, using the IGT APIs, and delivers these offers in real time using the casino’s mobile app. The IGT APIs offer two-way communications to the central player loyalty system. This allows a player to accept an offer using the casino’s mobile app that updates the IGT loyalty system in real time.”

Future View

The disciplines of building a complete customer profile and having the ability to act on that data in real time are very much still a work in progress for all system vendors. Technologies like geo-fencing,

beacons and other innovations are set to refine the personalized marketing efforts even further.

Social casinos are becoming another tool not only for generating returns to the casino, but for marketers using system technology to gather even more thorough data—information players provide when they register for a social casino, and more importantly, information on the kinds of games they like to play.

“Cloud-based gaming, mobile applications, geolocation offers, big data and predictive analytics to continue to provide marketing system solutions to the casinos will all be important going forward,” says Scientific Games’ Langer, who notes that the ecosystems being created for operators by Bally Systems gather and evaluate information from all sources, on property and online.

Along with these innovations, uses of mobile technology in customer service and marketing continue to multiply. Iverson Gaming Systems, a Pennsylvania-based company specializing in creating systems for cruise-ship casinos, has pioneered use of the mobile phone as the new player’s club card, and even the new ATM.

“In a mobile world, it’s almost embarrassing that the state of the art of our industry is still a serial port,” comments Millard Reeves, president of Iverson Gaming Systems. “So that’s what got us thinking about how to leverage brand new technology to bring the casino up to speed with the rest of the world.

“The physical player’s card itself had to be completely reimagined: As soon as a player removes their card from the card reader on a slot machine, it’s as if that player disappears into thin air, which makes it difficult—if not completely impossible—to continue a personalized relationship with them. With our mobile technology, you no longer need a card, because your phone is the card. Your phone is what identifies you at the gaming location—at the slot machine, at the card table, at the roulette wheel.”

Iverson also offers a mobile app called VirtualATM that allows players to use their smartphones to route funds directly into a slot machine. “The customers use their own smartphones to add credits onto a slot machine in a cashless transaction, to get money out of their personal checking or savings account with a PIN debit transaction,” says Reeves, “just like going to an ATM, except the player doesn’t have to get out of their seat to walk to the ATM.”

New technologies to enhance the player tracking function are sure to come from the big suppliers, but also from innovators like Acres, who says his company is ready to work with suppliers to add Kai and related technology to any casino management ecosystem.

“We are absolutely working with manufacturers on consolidating this automation element that we call Kai into the bigger picture,” Acres says, “and there’s a lot of opportunity there.”

In the end, player tracking in the 21st century is about separating the marketing ecosystem from the game accounting that was the basis of that first EDT tracking system.

For Acres, the system function needs to emphasize the personal touch that has been lost through automated rewards. “At the start of player tracking in the early ’80s, we saw ourselves automate more and more, so that we could process the masses,” he says.

“The slot machines went from coins without credit buttons, to coins with credit buttons, to bill acceptors, to TITO tickets, all in the name of automation, to improve what we called the ‘service’ of the game. But what we lost was an important part of the experience—the human interaction.”

Acres points to properties like Barona in California as examples of what should be the future of player tracking. “They’re using automation to bring back human interaction, and they’ve had tremendous success,” he says. “We see that as the real opportunity—not to say, ‘Here’s a robot that’s going to serve you,’ or, ‘Your point total is automatically changed,’ but to provide a human interface that can show compassion and concern and caring and friendship and love, armed with the information about you personally, so they can handle you in a way that’s special.”