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As gambling takes a higher profile in the UK, James Lawson finds out how Gala Group makes full use of direct marketing's power to influence how its customers spend their money.

Changing Behaviour

The Impact system combines an easy-to-use set of analysis tools linked to the local club's customer database

Gambling in the UK is no longer the staid sector it used to be. As regulations are relaxed, there is growing competition for customers and online gaming is exploding. As the largest bingo and the third-largest casino operator in the UK, Gala Group is already innovative in its use of data-driven marketing techniques and has recently trialled a new card-based system which will add transactional data to its analytic mix.

Daily refreshment

Nottingham-based Gala Group is the leading high volume low-stake retail gaming group in the United Kingdom, with 166 bingo clubs and 28 casinos. When it comes to marketing, the gaming regulations work in Gala's favour as all its customers are required to be members. This means that Gala holds the name, address, date of birth and gender of its entire customer base. As customers must show their cards when they attend the clubs, the company also receives a stream of data showing recency and frequency of visits.

"They have to swipe each time, which is very useful for us," says James Thomas, Gala's head of Customer Management Strategy.

For some years now, data from the bingo clubs has

been piped to a central AS/400 database where it is available for analysis. The casinos employ a similar system, with an Endx casino membership package used in conjunction with Citrix. For analysis purposes in both cases, the customer data is mirrored on a SQL database.

Gala employs the Experian Intact service for its regular cleansing and mailing suppressions, though it also worked with Experian on the recent customer data migration to the Endx system. The company uses a mix of centrally-controlled and local marketing initiatives to draw in new players and increase the spend from existing ones. TV spots aid brand recognition along with outdoor advertising; this is centrally controlled as are inserts into relevant women's magazines like *Chat* and *TV Quick*.

"We do a lot of doordrops – in excess of two million households," says Thomas. "We've used it for years for bingo. We've run tests over the years but cold mail isn't particularly successful for us."

In Gala's structure, local managers are empowered to make many important decisions, including marketing so that they can react quickly to changes in local conditions. They have been supported in this for the last five years by the Impact system which combines an easy-to-use set of analysis tools linked to the local club's cus-

tomers database; Gala recently introduced Cascade, a similar system for its casinos. Managers interrogate the local database, make their selections, and then choose from a range of pre-formatted, pre-written and pre-approved collateral to which they can add personalised incentive vouchers.

The final lists and selected mailers are sent down the line where the system queues them centrally for digital printing. These mini-campaigns usually number around 300 items – around 20,000 are run annually – and will be in the post 24 hours after managers make their initial selection. In addition, the system can handle control groups and calculates the cost to the club manager of each campaign.

“Each club is treated as a profit centre and has a local marketing budget,” says Thomas. “It’s very much about local empowerment. We train managers in direct marketing and how to use the system. They can select by visit patterns, age, postcode – any number of things. Using digital print means that we don’t have to hold so much letter stock and gives us more flexibility.”

Promotions target existing members along with lapsed and occasional visitors. One recent bingo promotion saw all those attending on a Saturday night share £1m between them, while casino members had the chance to win a share in a racehorse.

The central marketing team supports local DM efforts to promote the clubs. “We developed a post-code-level regression model to look at the demand surface for bingo and casino visits across the UK,” says Thomas. “This helps us focus doordrop activity and is also used by the property strategy team to look at where to locate sites. We also printed up maps that managers can look at when targeting local mailings.”

Most direct marketing is aimed at existing customers, with a variety of promotions targeted on the basis of recency and frequency of attendance; segmentations for this are in place on the bingo and casino databases. No geodemographics codes or other appended external variables are currently used. Until recently, Access and Excel were the main tools employed but Gala has just invested in the SPSS stats suite. “It will save us weeks of work, particularly in data preparation,” says Thomas.

With volumes rising from five to seven million over the last five years, DM has certainly been successful for Gala, but more information on the actual in-club spend by individuals was needed to increase the effectiveness of the direct approach.

“We know the average spend by club but we don’t know the spend by customer,” says Thomas. “They buy tickets and food, or play party bingo, where they put coins in a slot at the side of the table where they are sitting, but we currently don’t know how much that is.”

Part of this need will be satisfied by the EPOS system that Gala is installing at its bingo clubs – a live feed from this will go to the customer database – but a

more explicit link to the customer was found using a card-based system trialled at the Banbury bingo outlet earlier this year. In order to play any game or indeed buy anything, customers have to insert their personal card.

“This was a first for us and gave us spend, patterns, timing, all the transactional data we wanted,” explains Thomas. “We waited a few months and built an RFM model to help understand the data we were gathering. What was it telling us?”

Working with GB Group, Gala segmented its customers according to the games they played. Each group was further split into four visit frequency segments from high to low. These in turn were then split into four margin groups from high to low giving a total of 73 selectable Play Groups.

“We developed our mailing programme to a number of those segments and tried to influence their behaviour in order to increase the margin of the games they played,” says Thomas. “The letters had a consistent look and feel but we used variable digital print to vary the text and incentive on the basis of the cell code. We bar-coded all incentive vouchers so we could track them back to individuals.”

The weekly mailings ran over a ten-week window, with a clean control group used for benchmarking. Those not playing high margin games were mailed with differing values, numbers and types of incentives based on their current play pattern and member value to Gala, to encourage them to try the new games. The incentive vouchers lasted two weeks, and individual movement between cells was watched closely.

“We would know by then who had responded and claimed the vouchers,” says Thomas. “We hit the same groups two or three times, as individuals moved between them, and by then we were able to test many things to see what result we got.”

The results were impressive, both in identifying those groups most responsive to the offers and in getting them to change their playing behaviour. In the majority of the groups targeted with incentives, the gross profit per person for the responders was significantly higher than the control group, and each generated over 100 per cent ROI.

Award winners

In recognition of its work on both its marketing system and its Banbury trial data, the company took two prizes in the recent IDM Annual Awards: the inaugural Diamond Business Performance Award and also one for Data Information Integration. The business case for a second trial at two bingo clubs is now going through approval.

“Bingo is the core product, change it at your peril,” says Thomas. “The Banbury trial has influenced our plans and we want to apply our learnings to the rest of the business.” ■

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