

Loyalty programs have existed for decades, but they're starting to look different



The MGM Rewards desk at the Aria hotel-casino on Friday, June 17, 2022, in Las Vegas. (Steel Brooks/Las Vegas Review-Journal)

By **McKenna Ross** Las Vegas Review-Journal



June 20, 2022 - 9:49 am

Don't miss the big stories. Like us on Facebook.

Updated June 20, 2022 - 1:17 pm

Show audio player

Las Vegas visitors can use them to get waived resort fees, room upgrades, better food and drink and free play or special bonuses. They can earn them from gaming, buying entertainment tickets and even using free-to-play slotlike apps.

Loyalty programs have existed in Las Vegas for decades. Sparked by the quick success of the frequent flyer programs from several airlines in the 1980s, gaming industry executives and innovators soon took the idea that they could build brand loyalty and reward customers to the casino floor.

But the early days of carnivals-like tickets spouting out of a printer attached to a slot machine look different than today's loyalty marketing — and may look much different in the future.

From tickets to today

Loyalty programs are ubiquitous on the Strip — and in many other industries — because they can entice and retain customers. Stowe Shoemaker, the dean of UNLV's William F. Harrah College of Hospitality and a loyalty marketing expert, said that while loyalty itself is about creating the right business practices that create a preference or attachment to the business, a rewards program makes that possible by incentivizing guests to identify themselves.

“The way we do that is we get points, we give miles, we give cash back because then the customer is rewarded for giving us their data,” Shoemaker said. “Then, we use the data to enhance the customer's day. The key thing about a loyalty program is, does the customer value it enough so that they're willing to give up their information? Because with the information, we can then enhance their stay.”

Some of the first loyalty programs made for slot machines began in the early 1980s. Players would get pieces of paper that they could trade in for T-Shirts and toasters, said John Acres, a longtime industry leader and owner of Acres Manufacturing.

Casino mogul Steve Wynn hired Acres' first company, Electronic Data Technologies, in 1981 to create a ticket printer attached to slot machines. Players would cash in tickets for their rewards at the Golden Nugget.

They quickly saw the emotional attachment the program created, Acres said.

“One of the most interesting things that I learned early on was how much loyalty was created by pride that players had in having a long string of tickets,” he said. “We'd go up and ask people, ‘Hey, can we tear off your tickets and store them for you?’ And they said, ‘No, no, no, because then nobody will know what a good slot player I am.’ ”

Automation came after years of manually counting the tickets and missing out on who the top players were until they turned in their slips. It sparked one of Acres' most notable inventions, the first electronic player tracking system that used loyalty cards to identify individual players.

Today, a growing number of resort loyalty programs have expanded beyond earning accruals or rewards solely at the slot machines or tables. Some may allow rewards to be spent on nongaming products and services while others allow members to earn loyalty points through those avenues, too.

Jennifer Johnson, the Palms Casino Resort's vice president of marketing, said Las Vegas' amenity-driven market led to the shift. Crafting a loyalty program can depend on how a property wants to approach the benefit, Johnson said. For instance, The Palms' sister property, Yaamava' in Southern California, offers slightly different rewards.

"You have to make choices: Do we want to allow them to earn and that's where we decide to reinvest on the nongaming? Or do we do like Yaamava' is able to do — do you discount and that's where the investment is? It's your philosophy at the time and where you want to allocate your reinvestment back into the player," she said.

Heightened competition

MGM Resorts International is among the most recent to make high-profile changes to its system. The company launched MGM Rewards on Feb. 1, doing away with the M Life Rewards program that was in operation for 11 years.

Anil Mansukhani, vice president of loyalty marketing for MGM, said the change was intended to reach nongaming customers, make improvements for slot players and brand the program more closely to the company.

"Las Vegas has obviously morphed from being a gaming capital of the world to being an entertainment capital of the world, so with everything that's going on with our live events, shows, sports being a larger part of what we're doing in the industry these days, all the other activities have really changed Las Vegas," Mansukhani said. "The loyalty program is catching up to the rest of what's happened in the industry and the city."

The intense competition leads to some mixed approaches. Some major resort-casino operators such as MGM and Caesars Entertainment have overarching programs that are usable at any of their properties across the country. Others partner with their casino operators or hotel chains to reach a larger customer base.

For instance, Virgin Hotels Las Vegas has three programs usable at its 1-year-old property: Hilton Honors, Mohegan Gaming and Entertainment's Momentum Rewards and The Know, a membership through Virgin Hotels. The approach was designed to ensure a database of potential visitors immediately, said Richard "Boz" Bosworth, president and CEO of Virgin's ownership group, JC Hospitality.

"It's a very competitive market," Bosworth said. "It can take years and years to grow a database that can take five, six, seven years to do so in order to be competitive. We were able to turn-key that day one and be competitive on day one."

The loyalty industry stretches beyond casino properties.

Las Vegas-based PlayStudios creates free-to-play mobile apps and digital games that dispense loyalty currency to players based on their play frequency. Users redeem the currency for real-world rewards — buffets in Las Vegas, discounted tickets for Big Bus Tours and free-play credit at various properties and cruise lines, to name a few.

The reward systems of PlayStudios' partners are not connected with the app, PlayStudios CEO Andrew Pascal said. Instead, they act as a companion set of benefits that a company can still use to understand a consumer's behaviors, likes and dislikes. It's a unique way to offer loyalty marketing through play instead of the typical mailer or email discount.

"We can use our games to go acquire and captivate players, our platform to understand and qualify the value of those players, and then use the loyalty program to convert them from players into their consumers," Pascal said. "It became a really impactful way to acquire new consumers or reactivate dormant consumers they haven't seen in a long time, or just as important, engage their active consumers with really fun game experiences that reflect their brands in a way that feels experiential, as opposed to transactional."

Technology's impact

Ultimately, the goal of a loyalty program is to create a one-to-one relationship between the customer and company. More opportunities for data collection are key in making that happen, industry members said.

At Resorts World Las Vegas, executives chose to run the resort's Genting Rewards loyalty program through the Resorts World app to begin a digital-first approach when the property opened one year ago.

Rick Hutchins, senior vice president of casino operations at the casino-resort, said the app helps identify personalized rewards through the machine's logic and learning processes. It uses notification and geofencing location settings to identify moments and offer specific rewards at a given time.

"When a guest checks in at Resorts World, I can recognize and thank them," Hutchins said. "When they enjoy their journey throughout the property, I can recognize them and reward them. If they leave for five hours somewhere, I can notice that they're missing and I can do something to help bring them back."

Other real-time tracking innovations focus on keeping guests engaged in a personalized way.

Acres said the way his company is trying to reach one-to-one relationships is through a real-time behavior tracking system called Foundation. In an additional box installed in a slot machine alongside existing

systems that provide regulatory reports and other data, Foundation uses real-time behavior to identify moments where a loyalty incentive could keep a player engaged.

It may keep track of a player's credit balance, bet size or frequency of betting. When a sign of discouragement appears, Foundation can dispense an incentive such as free play or alert a host to greet the guest.

Balancing act

These innovations come at a time when some are concerned about personal privacy in tech. It's a difficult balance because individuals want the personalization that comes with increased data collection.

"We're kind of at war with ourselves," Acres said. "On the one hand, we say, 'I don't want you to know anything about me. On the other hand, I want you to know everything about me so you can serve me well.' That's the challenge we face."

Some gaming companies see the future of loyalty marketing as the pathways created through the growing market of online sports betting.

Gavin Whiteley, senior vice president of loyalty at Caesars Entertainment, said more people than ever can reach the Caesars Rewards program through Caesars Sportsbook as it launches across the country — even in some states without a brick-and-mortar Caesars property.

The mobile app serves as its own operation, but also as a chance to connect the brand and reach new markets.

"There's a lot of potential growth yet to come," Whiteley said. "The marrying of the mobile experience to the casino experience for Caesars Entertainment, that thread will always be Caesars Rewards. The loyalty program is the tie that binds it all together."

McKenna Ross is a corps member with Report for America, a national service program that places journalists into local newsrooms. Contact her at mross@reviewjournal.com. Follow [@mckenna_ross](https://twitter.com/mckenna_ross) on Twitter.