

Enabled a leading casino operator to build reinvestment plans by accurately predicting customer's next trip spend



What We Did: Enabled the client to reinvest the right amount of marketing spend for the right customer, resulting in better customer experience and higher ROI.

The Impact We Made: Segment-wise targeting helped optimize customer spend, bringing down the marketing cost by 11%. This also reduced the churn rate and enhanced engagement to increase revenue.

Summary - Reinvesting the marketing spend for better ROI

The client's marketing function designed multiple offers for the customers to retain them and also to acquire new ones. The client invests ~\$2 BN each year in marketing efforts, based on customers' perceived worth. The current methodology to predict a customer's average daily worth was primarily based on their prior trip spend. The client's major objective was to reinvest the marketing spend for a better customer experience.

About The Client - A gaming and casino operator

The client is one of the largest gaming companies in the world that owns and operates over 50 casinos and hotels under several brands.

The Approach - Probabilistic determination of customer spend

In order to accurately predict customer spend, Mu Sigma followed a structured approach:

- Customers were divided into six segments based on past expenditure (last 2 years) as well as volatility in that spend
- Logistic regression models were built on each of these segments to calculate the probability of a customer to fall in any of the pre-defined 6 spend buckets
- All customers were then scored according to these models and assigned to the spend bucket with the highest predicted probability

It was observed that customers who lodged had a higher probability of increasing the gaming spend. Next, target list for various marketing campaigns were prepared based on the predicted valuation of the customers and other factors such as demographics, response to campaigns, etc.

The Outcome - Better customer engagement, reduced marketing spend, and lower attrition rate

- Segment-wise targeting of customers helped bring down the marketing spend by 11%
- The client was able to devise better offers for customers, thereby reducing attrition rate and enhancing engagement over the years to come.

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