

Plummeting sales for Casinos



Pforzheim/Berlin (pj) – The economical situation in Germany does not leave much space to breath. After the German institution for work (Bundesanstalt für Arbeit) published the latest unemployment figures – some 4.5 million unemployed people as of April 2003 – the German federal government increased pressure on employees by announcing further conserving regulations. The little money to spend for the Germans will be less after the next round of tax deductions to come. Consumer spending will decrease, and hence, some small to midrange companies reacted with another round of human resource cost reduction and in some cases even business closures.

Lately, even casinos report plummeting sales. Drop in numbers of visitors have been recorded over a longer period, but the casino industry believed it would not be harmed that much, and refused to take action. A lot of casinos just noticed the reduced income, giving cause to the global economy. As the Lower Saxony Accounting Office checked a state-owned casino, a catastrophic situation was discovered – please see [key:IC] press release „Niedersachsens Spielbanken stehen vor dem Ruin – 09.05.2003“ at www.isa-casinos.de – and a prophecy of closure was reported by the Accounting Office.

Casinos can do nothing against the current recession, but the plunging figures do have other reasons as well. To connect the recession with bad human resource politics would be wrong: human resource politics still is top priority and regulations are about to be made for job saving laws. The revenue earning ratio is completely different from other industries, because high taxes reduce earning, leaving less and less money to spend on marketing.

The advertisement industry is changing as well. A few years

ago printed media lost advertisement to radio and television producers. This is again to change, since the Internet is slowly taking its toll on that market, while more and more companies advertise through the World Wide Web. Spending on advertisement reduced in February 2003 with 3.7 points to 508 million euros. Television has a share of 40 percentage points, and the second placed printed media share is about 282.63 million euros. The weekly magazines still have a 252.2 million euros share, but this is already a reduction by 8.5 points vs. the year before. Radio advertisement was reduced by 1.2 points. Only specialized magazines and billboard advertisement were able to gain a little share.

Not all advertisement media dropped in market shares. Online advertisement gained 36.8 points over the last year, and confirmed the movement towards the new advertisement media. Online advertisement has a market share of 16.94 million euros in Germany, according to February 2003 figures.

Targeting special audiences through classic mass-media is increasingly difficult. Consumer goods and services are still leading in that niche. Specialized advertisement, though, is hard to get printed in mass-media. [key:IC] recognized this development several years ago, and started advertisement within special online communities.

„We could publish our flyers at your website...“ was said in a discussion between [key:IC]-Marketing members and an official from a European casino, who did not feel comfortable with the idea of Internet marketing thus far. The area where this flyer and price list is published is still heavily visited by people who still enjoy going to the casinos. This underlines the effect of online advertisement, and states as well that online advertisement helps keep customers coming. Advertisement through flyers is not necessarily a good idea when targeting a special audience. Looking at the new advertisement media might give some result, though.

[key:IC]-Founder Reinhold Schmitt knows the casino industry. He knew years ago about the interests of casino customers. With this knowledge, he grew an Internet company that is now the leading casinos portal in over 80 countries world wide. „The portal visitors are looking for information on tournaments and events, post messages to news boards, and even chat with each other about their common interest.“, according to Mr Schmitt, pointing out the shared interests of portal visitors. He hooked into this niche, and now knows, that casino advertisement on his portal will show effect, because people obviously read the advertisements.

Mr Schmitt could stop growing his company and actually stop working. But this man from Pforzheim, Germany, is still looking for new opportunities, attracting more and more people to his portal. „Under a test scenario, we allowed an Internet radio station a presentation on portal. We even sponsored the radio station's own gaming events. A lot of [key:IC] people are now registered with the radio station, and vice versa, resulting in a partnership,“ as Schmitt told us about his latest programme.

Mr. Schmitt knows what he is talking about when it comes to raffles and lotteries. In joint efforts, he and his partners setup Black Jack, and Roulette raffles on his Internet portal, allowing anybody to play and win. In the meantime some 2000 people are playing for the top ranks month after month.

But even as business goes well, Schmitt still is not completely happy as far as the online games are concerned, and discussed further opportunities with his specialist. Schmitt wants to make renew the outfit of the games to generate shocks and awes among its users. He did not want to say more, but already informed us, that he will release specifics to the press agencies before the new games go online.

Over half a million people found their way to the [key:IC] Internet portal by the end of April this year. The Internet

portal is standard reading material for business professionals and private people alike dealing with casinos. As far as this is concerned, one thing will be clear: those casinos who shift towards Internet advertisement rather than classic media will be able to gain more customers and hence full houses. Though still a lot of work and marketing needs to be done for this change to happen, Mr Schmitt feels comfortable that more and more casinos will establish themselves via online advertisement.