

Why Your Marketing Programs and Promotions Get Ripped Off

By Jen Boss

I think we can all agree that our marketing programs and promotions are vulnerable to internal and external theft and fraud. Usually, it's a combination of the two: an employee colluding with an outside agent to rip off the program.

Why are marketing programs and promotions vulnerable?

Programs and promotions are vulnerable because most properties don't monitor them. That's why you hear of the same people winning over and over, or even friends and family of your employees winning the good stuff.

With the continuing and increased use of free play and the accumulations of points in all facets of our marketing programs, we can expect these thefts and frauds to continue.

A number of examples that have occurred

A scratch ticket promotion was started by marketing to encourage guests to play. Play a slot machine or a table game, and an employee would give you a scratch ticket. The ticket itself had three squares that you scratched off. If the amount listed was the same in all three boxes, then that was your prize. Cash prizes ranged from \$20 to \$200. For some reason, employees (and nobody else) were winning.

Luckily it was reported to surveillance quickly.

It didn't take long to find the issue. Surveillance located where the tickets were being issued and began observing to see how they were handled. At the first location they checked, they hit pay dirt. At the players club, they watched as club employees held a small flashlight to each ticket. Some tickets were then set-aside and others returned to the original package. Surveillance watched as the tickets set aside were scratched and, lo and behold, each was a winner of \$50 or more! These winners were cashed by employees after their shift. Some walked away with over \$500! Employees from other departments were doing the same thing.

Evidently, someone figured out that you can locate the winning tickets by holding a light underneath the ticket, allowing the hidden symbols to be seen. Of course, it didn't take long for that information to get out to all employees, and soon everyone was taking advantage of the mistake. No one thought to notify management (no surprise).

The promotion was ended immediately. However, the damage had been done. Thousands of dollars had already been lost, and many of the guests were upset and claimed that the promotion had been fixed.

Not a good result for a promotion intended to reward players, not employees.

Another example occurred using free play. A senior executive colluded with a line employee, and a player to removed earned free play from guest accounts and give that value to their agent. They did so to the tune of almost \$500,000. It took almost two years for this one to be detected. Even then, it was because an informant came forward.

These incidents are not uncommon. In my experience, you can expect your programs and promotions to get ripped if you don't keep an eye on them.

As a former surveillance director, I've investigated a number of thefts and frauds that occurred because someone took advantage of a well-meaning, but poorly designed promotion. Unfortunately, by the time an investigation is conducted due to promotional theft or fraud, a lot of money or value is already missing and there is little, if any, chance of recovery, and there is significant reputation damage inflicted.

What can you do?

1. Make sure your surveillance department is aware of your new promotions. If they don't know what's out there, they can't protect it.
2. Work with your surveillance department to ensure your promotions and programs have been assessed for potential risks and vulnerabilities. Remember that you are the expert at marketing, and your surveillance department (or Security/Loss Prevention department) is the expert at loss prevention. They can help you protect your program by recommending standard controls and best practices that will reduce the opportunities for theft and fraud.
3. Monitor your promotions for suspicious activity, or higher than expected redemptions or wins. If your promotion is extremely popular, it may not be because it's a fantastic promotion; it may be that there is a weakness in the promotion that is being exploited (and likely is).

Follow these three recommendations to dramatically reduce the risk of your promotions being ripped off. And that, my friends, is where we want to be.