

Royal Commission into the Casino Operator and Licence**STATEMENT OF NICOLAS EMERY**

Name: Nicolas Emery
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Occupation: Chief Marketing Officer, Crown Resorts Limited
Date: 5 May 2021

1. I make this statement in response to the Royal Commission's Request for Statement with reference RFS-Crown-011.
2. This statement has been prepared on the basis of my own knowledge, material that I have read and enquiries I have made with various employees within the Crown Resorts group.

Professional background/Crown employment history:

3. As Chief Marketing Officer (CMO) I am responsible for the marketing function at Crown Resorts. The marketing team is an internal service provider (Support Service Function) that provides marketing services to the business units (BU's) of Gaming, Food & Beverage (F&B) and parts of Hotels across the group. At a high level this involves working with the BU's to understand their business needs, development of marketing strategies & plans, review and sign-off by relevant BU and then delivery of the approved activities into market.
4. Prior to joining Crown Resorts in January 2018, I was General Manager of Deposits & Transactional Banking at ME Bank (from 2014), General Manager Marketing at Medibank (2014), General Manager of Strategy at Sensis (2013), Group Manager Insights & CRM at Origin Energy (from 2009), Head of Data & Strategy at M&C Saatchi (2008), Head of Consumer Insights at NAB (from 2005) and Head of Marketing Effectiveness at Carat Media Services London (from 2001) after starting with the company as a Market Analyst in 1997.

6. In the last five years, how has Crown Melbourne encouraged, enticed or marketed to people to attend the Casino to gamble? In addressing this question please specify all methods of reaching potential customers, from advertising campaigns to the general public, to programs which might include enticements to individuals.

7. In your answer provide details of:

(a) the marketing efforts employed by Crown Melbourne, and their cost.

(b) the enticements, benefits, and/or other perks (including travel and accommodation) offered or provided by Crown Melbourne, and their cost.

8. In your answer set out how Crown Melbourne has encouraged the following categories of persons to gamble at the Casino:

- (a) residents of Australia, other than VIPs;**
- (b) residents of other countries, other than VIPs;**
- (c) loyalty program members broken down by categories or tiers of membership;**
- (d) VIPs;**
- (e) Affected Persons.**

Structure of response:

5. In answering question 6 I will delineate between three distinct ways Crown markets to customers, provides benefits to them and provides other incentives to visit and spend on property: Marketing; the Crown Rewards program; and other benefits & enticements that sit outside of the first two.
6. Marketing comprises promotional and event activities delivered for the business units by the marketing team to provide reasons for customers to visit the Casino, it also comprises the communication of these activities to customers.
7. The Rewards program comprises the stated structure and benefits of the Crown Rewards program.
8. Other benefits and enticements comprises the range of benefits & offers made to customers directly by the gaming business units outside of those delivered by the marketing team and those explicitly stated in the Rewards program. This includes the majority of benefits and offers to local VIP, interstate VIP and international VIP customers.
9. I have responsibility for marketing activities and oversight of the Rewards program and so will answer questions 6 with regards to the first two areas. Other benefits and enticements outside of this are the responsibility of the gaming business unit and will be answered separately.
10. In doing so I will also seek to answer questions 28 and 29 regarding the rewards program.

Overview of Marketing, Rewards and Other Benefits & Enticements:

11. At a total level for Crown Melbourne, the activities related to question 6 can be split into seven broad categories:
 1. Rebates earned and complementary items for VIP international customers.
 2. Rebates earned and complementary items for VIP domestic customers.
 3. Discretionary complimentary items including hotel nights, F&B, parking, transport, event tickets for local (Vic) customers. These are over and above those delivered by the Crown Rewards program or Marketing.
 4. Food, beverage and other costs of running private member rooms.
 5. Crown Rewards benefits outside of room costs and Pokie Points (see below), including points costs, free parking, hotel room nights and Dining Rewards.
 6. Marketing: events, promotions, advertising and a share of overheads from the centralised marketing function.
 7. Rewards based on Pokie Points (a gaming machines rewards program available for rewards members) earned during patrons previous visit.

12. In the five years from FY16 to FY20, Crown Melbourne has spent \$2,460M on the seven categories outlined above (see CRW.512.050.0022 and CRW.512.050.0021 for detail) and this number splits across the businesses key customer segments as follows:

- \$1,400M was on VIP International customers, to the best of my understanding there was no marketing or other enticements to non-VIP International customers.
- \$226M was spent VIP Domestic customers (VIP interstate customers).
- \$834M spent on Local customers (customers in Victoria).

Note: There is a small amount of event spend for VIP gaming machine customers which cannot be split between these three segments due to reporting constraints, and is consequently contained within the Local customer line above.

13. Following on from 'Structure of Response – Paragraph 1' I will be addressing points 4, 5, 6 & 7 in my response.

14. Of the total cost figure, \$167M was marketing (of which \$21M International), \$621M rewards program (none international) with the remainder of the costs being in other benefits & enticements (categories 1 to 3). The rewards program costs are made up of the loyalty costs (points redeemed), member room F&B (the complementary food and beverage available in certain rooms within the stated program benefits), the other rewards benefits (including free parking, hotel room nights and Dining Rewards – see response to question 28) and the Pokie Credits (a sub-program benefit – see response to question 28).

Marketing Overview:

15. Marketing, within the categorisation above, comprises three broad elements: promotions, events and communications.

- Promotions are specific incentives to visit that comprise a definite reward or benefit and/or a chance to win.
- Events are specific reasons to visit comprising an experience of a more social nature without a defined reward or benefit but which may include a chance to win.
- Communications is communication of the promotion and event activities that fall in the above definitions along with service communications for Crown Melbourne and the Crown Rewards program.

Promotions:

16. The objectives of promotions are twofold: To create an engaging reason to visit; and to support delivery of the atmosphere and experience customers are looking for when they visit, even if their visit is not driven by the promotion itself.

17. Over the course of a typical year the marketing team will deliver more than 200 individual promotions. While each one is different, they are built using selections of the same building blocks which broadly fall into two categories:

- Reward or benefit: The benefit the customer receives.
- Mechanic: The process through which the customer becomes eligible to receive the benefit.

18. Each promotion is made up of one or more elements from each of these two broad categories. The high level building blocks within each of these categories are summarised below:

- Reward or benefit types:
 - Cash.
 - Crown Reward points.
 - Loyalty rewards – Status Credits, Tier upgrades, etc.
 - Table Play vouchers.
 - Pokie points.
 - Pokie/Extra credits.
 - Dining vouchers – F&B vouchers, complimentary meal, complimentary drink, etc.
 - Vehicles – Cars, motorbikes, jetskis, etc.
 - Electronic goods – TVs, mobile phones, tablets, vacuum cleaners, etc.
 - Physical rewards – Collectables, trinkets, 3rd party gift cards, movie tickets, hampers, etc.
 - Experiences – Travel packages, hotel room nights, cruise packages, etc.
 - Alcohol – Bottle of wine, champagne, etc.
 - Jewelry – Diamonds, pearls, earrings, etc.
- Mechanics:
 - Member visit – Member must visit any VIK (voucher issuance kiosk) for (manual or electronic) entry.
 - Table Games earn – Member must earn a stipulated amount of points via TG play for entry.
 - Table Games live rating – Entry determined by member being carded in to a live table game.
 - Earn-and-get – Member must earn a stipulated amount of points on complex to qualify for their reward.
 - Visit-and-get – Member must visit any VIK (or Crown Rewards desk) to receive their reward.
 - Reward-style promotion – Member will receive 1 'Reward' point for every 1 CR point earned in the qualifying period, members may then redeem their 'Reward' points for a prize from a catalogue.
 - Member jackpot (Carded Lucky Time) – Member must be 'carded in' (using their rewards card) during jackpot operational time for chance to win.
 - Member jackpot (Carded Lucky Rewards) – Member must earn a stipulated amount of points via GM play to qualify for a reward.
 - Member jackpot (Scheduled Mystery) – Member must be playing eligible gaming machines during the jackpot period for their chance to win the jackpot.
 - Member jackpot (Member Money Jackpot) – Eligibility to win jackpot determined by member being carded in to gaming machine at the time of jackpot hit.

19. These mechanics and rewards/benefits combine in many ways for individual promotions but can be broadly categorised as follows based loosely on which customers are eligible:

- Cross-complex campaign – Major member (and potentially non-member) promotion across the main casino floor and multiple/all VIP rooms.
- Main casino floor promotion – Major member promotion running on the main casino floor.
- VIP in-room promotion – In-room promotion in or across any of Crown's VIP Rooms: Riverside, Teak Room, Mahogany Room, and also the Maple Room.
- VIP open promotion – Promotions open to Crown Rewards tiered members (i.e. Silver and above tiers), but not held in any one specific VIP room or location but rather running at a tier level.
- Member jackpot – Member jackpots running either in single or multiple areas/rooms.
- Direct-to-member offer – Offers presented directly to eligible members from Crown; offers include gift/collectable offers, Crown Rewards loyalty offers, and various visitation, spend and/or points offers.
- Member open promotion – Promotions available to all Crown Rewards members.
- Member group promotion – Promotions available only to specified group(s) of eligible Crown Rewards members.
- Poker tournament – Poker tournaments available to Crown Rewards members.
- Red Carpet campaign – Promotions and campaigns available as part of Crown's bus group program.
- Member Bingo campaign – Bingo events for Crown Rewards members.

Details and examples of these promotional types can be found in CRW.512.042.0035, CRW.512.042.0039 and Schedule 1.

Eligible customers:

20. With the exception of a small number of in room promotions in the Maple Room (5 ran in FY19), all promotions are only available to Crown Rewards members, there are no other gaming promotions to non-members. The Maple Room promotions referenced above comprise entry into a prize draw with the entry mechanic being a specific table game outcome for a customer (see CRW.512.050.0019). These promotions are not communicated to non-members outside the Maple Room.
21. Some promotions are open to all members (e.g. cross-complex campaigns) and so the whole active rewards base is eligible (~200K depending on the promotion). Other promotions are open only to high level customer groups (e.g. VIP in room promotion or Gold tier promotion) where eligibility is limited to smaller, typically higher value customer groups. Eligibility varies but on average ~12K customers are eligible for these types of promotion.
22. Some promotions are targeted to individual customers (direct to member offers) and are much more personalized, with an average of ~8K eligible for each but this can be fewer than 100 customers in some instances. The entry mechanic for these is usually visit-and-get (e.g. visit and pick up your gift) although a small number have points earn entry mechanics (e.g. earn 750-999 rewards and get 1500 bonus points). In these instances, the entry mechanic is determined by the customers historic spend

levels, with higher spending customers having a higher points earn thresholds to receive the benefit. Across direct to member offers, the value of the reward/benefit is tailored to each customer based on their value, with higher value customers getting higher value rewards.

Frequency, participation and costs:

23. In FY19 the team delivered 89 individual promotions that were open to all or broad groups of customers and 146 direct to customer offers.
24. Participation varies dependent on promotion but usually increases with tier of customer. Mainstream promotional participation rates average around 9% of those eligible with higher tier promotional participation rates varying from 20-70% depending on the type of promotion.
25. Details of promotional eligibility, frequency and participation rates can be found in CRW.512.042.0035.
26. Total spend on these types of promotions by the Marketing team over the five years FY16 to FY20 was \$48M (CRW.512.050.0018). This spend is all to Rewards Members, there has been none of this type of promotional activity to VIP domestic customers (interstate customers). In addition to this, the VIP International Table Games marketing team spent \$1M on promotions over the same five year period.

Events:

27. The objectives of events are primarily to create an engaging reason to visit and to contribute towards the broader sense of fun and excitement customers are looking for in the Casino experience, both within the visit and more broadly.
28. Over the course of a typical year Marketing will deliver more than 200 individual events.
29. While the events may include a chance to win, they all comprise elements that create a broader social experience for customers. Any two events are rarely the same but broadly speaking they fall into the following nine categories:
 - Competition – Skill based competition held in an event space for invited eligible Crown Rewards members
 - Dinner – Dinner held onsite or offsite for select invited patrons of a certain membership tier
 - Gala – Seated invite only dining event for a large number of people, typically in Palladium, no prize draw component
 - Golf Tournament – Golf tournament at Capital Golf Club for select invited VIP patrons
 - Lifestyle – Events relating to leisure and lifestyle, no prize draw component
 - Prize Draw – Events where prizes are given away to patrons. The winners are selected at random usually by drawing the names out of a barrel or similar random chance to win mechanic.
 - Sporting Event – Events that involve sporting activity, outside of Capital Golf Course golf tournaments
 - Ticketing – Tickets purchased to shows, concerts and events for select invited VIP members
 - Tournament – Tournament open to Crown Rewards members, held in Mahogany or Teak Room

Details of these event types can be found in CRW.512.042.0035 and examples can be found in CRW.512.037.0078 and Schedule 2.

30. Eligibility for the vast majority of events is limited to higher value customers, typically Platinum Tier or above with participation for each event ranging from a few customers to two thousand but with an average participation of ~100 customers (see CRW.512.042.0035).
31. Total spend on these types of events by the Marketing team over the five years FY16 to FY20 was \$51M. This is split \$33M Rewards Members, \$18M Domestic VIP which also includes some VIP International gaming machine customer events. In addition to this, the VIP International Table Games marketing team spent \$20M on events of the same five year period.

Communications:

32. As it pertains to question 6, communications (advertising) comprises: one-to-one (direct to an individual) communications directly to members regarding the promotions and events outlined above; one-to-one communications of broad 'what's on' messages; one-to-one service communications; and mass communication (advertising in mass channels) of complex wide member promotions.

One-to-one (direct to an individual member) communications:

33. These communications are only to rewards members and comprise three broad types of message: notification of promotions and events, 'what's on' and service messages. In all three instances the channel of communication is almost entirely direct mail (DM) or electronic direct mail (eDM), although there is a small volume of outbound call centre and host activity for higher value customers.
 - Service messages are functional messages notifying customers of changes of any aspects in regards to the Rewards program and/or Crown Melbourne itself. Examples include updates to Rewards T&C's, Player Activity Statement (PAS), Rewards upgrades/downgrades and notification of changes to property restrictions in response to COVID-19.
 - What's on messages are broad communications talking about a selection of news regarding the property and can include, but are not limited to, lunch specials, restaurant events, promotions, shows and hotel offers.
 - Promotions and events notification communications are targeted to customers who are eligible for each individual promotion or event. In a typical quarter an active, eligible customer would receive around four of these types of communications but this varies depending on tier. Higher tier members, such as Platinum and Black tiers, are eligible for more promotions and events and so get an average of around ten of these types of communication in a typical quarter whereas lower tier members, such and Member tier, get around three in a typical quarter.

Examples of promotional and event types of communications can be found in CRW.512.037.0078, CRW.512.050.0019 and Schedules 1 and 2.

34. Total spend on these direct communications over the five years FY16 to FY20 was \$11M of which just over half was communicating specific promotions and events with the remainder being in 'what's on' and service messaging. For reference, in FY19 total there was a total spend of \$2.2M of which \$1.2M was in promos & events, \$700K on 'what's on' and \$300K on service messaging.

Mass communications (advertising to the general public):

35. As it pertains to question 6, communications (advertising) through mass media is limited to the Aussie Millions Poker Tournament and mass member promotions where the entry mechanic is not limited to gaming products.
36. In line with regulations, mass communication channels are not used to communicate gaming machines. In addition, we do not communicate table games through mass communication channels with the exception of the Aussie Millions Poker tournament.
37. Aussie Millions is a major international poker tournament that runs each year that anyone can enter (excepting excluded customers).
38. Mass member promos that are communicated in mass media comprise only those where the entry mechanic does not have to include participation in gaming on property. Entry could be through a number of mechanisms including but not limited to visiting a restaurant, going to a Voucher Issuance Kiosk (VIK) to register an entry or any spend on a Crown Rewards card. Examples include 25th Birthday and Lunar New Year Fortune Spin (see Schedule 1).
39. When these types of activities are communicated, digital targeting excludes anyone under the age of 18.
40. These types of communications are not reported on separately but for reference, in FY19 a total cost of \$76K was spent communicating Aussie Millions, only through online channels, and \$528K was spent communicating member promotions, through a range of mass communications channels.

Responsible Gaming Protections:

41. There are a number of Responsible Gaming measures in place as part of designing and delivering the promotions, events and communications outlined above.

Exclusions:

42. Customers with certain 'Stop Codes' or other marketing exclusions (e.g. lack of appropriate marketing consent, has not received a Player Activity Statement, etc.) are excluded from all gaming one-to-one communications and all promotions and events. These stop codes and exclusions are fed from frontline systems into the marketing technology systems which, amongst other things, prevent communications being sent to these customers and prevent these customers being considered for promotional or event activities.
43. These stop codes and exclusions are entered into the frontline systems by either the Responsible Gaming team or the gaming business units in response to a range of matters including, but not limited to, responsible gaming concerns, security issues and other behavioral concerns. My understanding is that not all customers on the Responsible Gaming Register will have stop codes entered as the register contains all Responsible Gaming interactions, including those where concerns may not have been identified.
44. With regards to responsible gaming, the specific stop codes which drive the marketing exclusions are those pertaining to Self-Exclusions and Welfare Withdrawal of Licence (WOL)/Responsible Gaming exclusions. In addition to this, if a customer opts in to a 'Time Out' then Responsible Gaming or the gaming business units will apply a 'do not market flag' to the customer.
45. These customers are also excluded from all non-gaming one-to-one communications.

46. In addition, from late 2018, systems have been put in place to, as best as possible, exclude the above mentioned customers from mass digital advertising for Crown Melbourne other offerings (e.g. restaurants, bars, hotels, etc.). This uses newly implemented technology to create exclusion audiences on the platforms where digital media are bought, specifically Facebook and Google. No identifiable customer data leaves Crown as part of this process. When digital media is bought as part of advertising campaigns, the audiences are automatically excluded from the activity. Not all people have a Facebook or Google presence so not all excluded customers will form part of these exclusion audiences.

Legal, Compliance and Responsible Gaming review:

47. Prior to FY21, all promotions and their associated communications collateral went to the legal and compliance teams for review. If responsible gaming concerns were identified then then this feedback would be given and, if needed, responsible gaming would be contacted for additional input. Any required changes would be made and re-reviewed prior to launch of the promotion. This also applies to any event which contained a draw or prize element to it.
48. A workflow management system commenced implementation in early 2019 within the Marketing team, in part to assist with compliance with and auditability of the above process.
49. Since FY21 the above process has been updated such that all promotions and associated collateral go to the responsible gaming team as part of this process, as well as to the legal and compliance teams.
50. New and/or bigger promotional initiatives go through a bigger review with legal, regulatory and RG. This comprises documentation of the proposed initiative followed by a series of meetings with legal, compliance and responsible gaming to allow review, feedback and iterative changes to the initiative.
51. In addition to the above, and in line with regulatory requirements, responsible gaming content is on all gaming promotional collateral.

28. Explain how the loyalty program operates, including (to the extent not covered in paragraph (c) above) the incentives provided to members of the program.

Structure of response:

52. As outlined at the beginning of my statement, in answering question 28 I will be referring to The Crown Rewards program within its stated structure and benefits. Other benefits and enticements provided directly by the gaming business unit will be addressed by the gaming business unit.
53. Other benefits and enticements comprises the range of benefits & offers made to customers directly by the gaming business units outside of those delivered by marketing and those explicitly stated in the Rewards program. This includes the majority of benefits and offers to local VIP, interstate VIP and international VIP customers.
54. My response will be structured around key elements of how the program operates: sign-up, earning and redemption of points, status tiers and tier benefits.

Overview:

55. The Crown Rewards program has multiple roles within the organization.
56. It is a points based loyalty scheme that rewards customers for spend across gaming and non-gaming products at Crown Melbourne. At a high level this involves allowing customers to earn points for

spend across the property and redeem them for goods and services across the property and also access levels of benefits reflective of their value to the businesses.

57. In addition to this, the Rewards Program is also the structure within which the gaming business unit manages customers, both from a customer facing perspective but also operationally. From a customer facing perspective this includes selection and delivery of customer benefits by the gaming business units, such as discretionary complementary food, beverage or hotel rooms, travel and event tickets. Operationally, the program tiers are used by the business units to manage functions such as VIP room access, host allocation and revenue reporting.
58. Further to this, the Rewards Program framework also supports elements of AML and Responsible Gaming, notably through providing the foundation of Know Your Customer (KYC), allowing tracking of spend and supporting some of the operational elements of exclusions.

Sign-up process overview:

59. Customers can sign-up to be a Crown Rewards member at a Rewards desk on property or can start the process online but must still attend the desk in order to become a full member.
60. Sign-up requires the individual to be 18 years old or over and provide the following information:
- Full name, DOB, residential address.
 - Provide a full and valid ID to be scanned into the patron management system.
 - Where relevant, collection of channel through which to receive the Player Activity Statement (PAS).
 - Opt in to YourPlay.
 - Attest to not being subject to an exclusion order.
 - Acceptance of the program rules and provision of any desired marketing consents.
 - A series of checks are undertaken as part of this process:
 - The residential address is authenticated by a third party address validation tool in order to validate accuracy of data and format
 - Check for duplicate customer records that already exist.
 - All active members are screened daily for politically exposed persons (PEPs) and sanctions issues by Dow Jones Risk & Compliance software.
61. Enhancements to the sign-up process have been built over the last 12 months and are awaiting approval and opening of gaming at Crown Sydney for go-live. These include:
- Having a headshot photo taken – this allows ID document verification (see below) and supports customer identification through photos on membership cards.
 - ID document verification – use of a third party provider to check that the ID document belongs to the person in the photo (above) and that it is a valid document (e.g. not fake, stolen, etc.).
62. Following acceptable completion of the above process a card is printed and the customer sets up a PIN to enable access to a series of membership functions (login at a member kiosk (VIK), login to member hub, etc.).

Earning points:

63. Crown Reward Points can be earned through spending in the Casino, hotel, participating restaurants and bars and events & conferences. Points earned through spend in the Casino are known as Casino Points while those earned elsewhere are known as Lifestyle Points. Provisional members (i.e. those who have not fully completed the sign-up process) can only earn Lifestyle points.
64. The rate at which points are earned is based on spend which is measured by theoretical revenue in gaming but the calculation is complex and varies by the nature of the product being played and tier of the customer. The effective spend to earn one point through spend in each business unit is as follows:
- Game machines: \$1 theoretical revenue (spend) earns between 3.8 and 4.5 rewards points.
 - Table Games: \$1 theoretical revenue (spend) earns between 2.5 and 4 rewards points.
 - Hotels, food & beverage, retail and events & conferencing: \$1 spend earns 5 rewards points.

Redeeming Rewards Points:

65. Crown Rewards points accrued by a member can be redeemed in a variety of ways. Irrespective of the type of redemption the redeemed value of 100 Crown Rewards points is \$1. Points can be redeemed in the following ways:
- For gaming machines, points can be redeemed for Pokie Credits (where 100 points equals \$1 of credits for machine play). This can be performed through the gaming machines service window with the use of the membership card and PIN.
 - For table games, points can be redeemed for Table Play vouchers (where 500 points equals a \$5 table play voucher). The redemption process involves going to the VIK to print a voucher and then the dealer exchanging the voucher for chips at a participating table game.
 - For all non-gaming redemptions on property, members can pay some or all of their bills with points at point of sale.
 - Crown Gift Cards can be purchased with points online through the Crown Rewards member hub.

Crown Reward Status Tiers:

66. There are five membership tiers within the Crown Rewards program, each with different benefits, starting at Member tier and then progressing through Silver, Gold, Platinum and Black tiers.
67. Status credits (SC's) can be earned within each six month membership cycle in order to progress to, and through, each tier. Status credits also need to be earned within the six month cycle in order to maintain membership of a tier. Status credits are earned at a rate of 1 status credit per 500 Casino Points and 1,500 Lifestyle Points.
68. The thresholds for entry into each membership tier are as follows:
- Entry level: Member
 - 5 SC's – Silver
 - 25 SC's – Gold
 - 100 SC's – Platinum
 - Circa 500 SC's (by invitation only) – Black

69. Upgrade to any given tier will occur when a customer earns sufficient status credits to reach each of the above thresholds within a membership cycle. Maintaining a tier within a cycle requires a customer to earn sufficient status credits to remain above the tier entry threshold. If a customer does not earn sufficient status credits to remain in a tier then they will drop one tier at the end of the membership cycle. Status credits are set to zero at the end of each membership cycle.
70. In addition to the above, authorized team members within the gaming business units have the ability to upgrade customers to higher tiers or maintain them at a current tier through manual addition of status credits. On occasion, groups of customers have been maintained at their existing tier if they have not reached the required status credits within a cycle. This is typically limited to customers who are within 20% of the tier threshold and/or have extenuating circumstances such as extended travel or illness.
71. Upgrades are blocked for any customer with certain stop codes or tier or room lock outs, these include those associated with responsible gaming, behavioural concerns, police requests and AML/CTF (anti-money laundering and counter terrorism finance).

Crown Reward Tier Benefits:

72. The benefits associated with each tier increase progressively with the tiers, largely in line with the value of the customers in each tier.
73. The benefits for each tier are detailed in CRW.512.037.0011.
74. Some of the benefits are defined within the program and delivered through the program itself while others are delivered through marketing campaigns and the remainder, while stated in the program benefits at a high level, are designed and delivered by the gaming business units. These are flagged as REW, MKTG and EBP in the annex respectively.

Sub-program benefits:

75. In addition to the Rewards program benefits, there are two sub-programs within gaming which Crown Rewards members are eligible for, Pokie Credit Rewards and Casino Dining Rewards.
76. Pokie Credit Rewards is a sub-program within gaming machines where a Rewards member can gain Pokie Credits when they earn rewards points above a series of thresholds. This ranges from a \$5 Pokie Credit for 50-99 points earned up to a \$100 credit for 10,000+ points earned. Pokie Credit Rewards are redeemable on the customers next visit (within 14 days).
77. Casino Dining Rewards allow Member, Silver and Gold tier customers to earn a dollar value credit for redemption at participating food and beverage outlets. Customers who earn 150 points in one day on gaming machines receive \$7.50 off their food & beverage purchase value and customers who earn more than 650 points in a day on either gaming machines or tables receive \$17.50 off.
78. Platinum and Black tier customers receive a similar benefit called Daily Dine. In this program, Platinum tier customer receive \$17.50 off at participating outlets when they earn 500 points on either gaming machines or tables and Black tier customers receive \$50 for the same level of points earned.
79. Further detail on the above points and how the program works can be found in Schedule 3.

29. What is the total revenue and profit generated from loyalty program members in each of the last financial or calendar years? What is that revenue and profit as a percentage of the total revenue and profit derived from casino gambling in each of those years?

80. Profitability of the Rewards program is not measured directly due to its integration with all elements of the business and the resulting difficulty in accurately assigning costs. As such we are only able to reliably answer the question in terms of revenue and how that compares with total gaming revenue.
81. Within this I will answer revenue within the Rewards program in terms of theoretical revenue (theo). Theoretical revenue is the expected revenue based on a long term theoretical win of any given gaming product, calculated from the turnover on that product and the theoretical win rate. Actual win (i.e. actual revenue) moves around significantly based on win/loss by individual players (especially high value ones) and hence provides a less objective view of the amount of revenue contributed over time by the Rewards Program members. Revenue is calculated based on a member using their rewards card, if they do not use their card while playing this does not get included in the revenue number. While I don't know the exact proportion of members who use their cards when they play, historical research has indicated customers use their cards about 80% of the time they are playing.
82. Theoretical revenue (win) within the rewards program over the five years to end FY20 was \$2.9B. This equates to 54% of local (Victorian customers) revenue of \$5.374B and 36% of total revenue of \$8.1B including VIP domestic (interstate) and VIP international customers.
83. This is split 6% member tier, 11% silver, 22% gold, 36% platinum and 26% black tier.
84. Theoretical revenue by rewards tier can be found in CRW.512.042.0074.

30. What research (if any) has been undertaken by Crown Melbourne or Crown Resorts to ascertain the effect the loyalty program has on problem gambling?

85. To the best of my knowledge the business has not undertaken any research into the effect the Crown Rewards program has on problem gambling. The responsible gaming team do however keep abreast of academic research into problem gambling and this also includes academic research on the above topic.

Signed:



Date:

5 May 2021

Schedule 1 – promotional collateral

CRW.510.052.2282	CRW.510.052.2442
CRW.510.052.2283	CRW.510.052.2449
CRW.510.052.2285	CRW.510.052.2450
CRW.510.052.2286	CRW.510.052.2451
CRW.510.052.2288	CRW.510.052.2452
CRW.510.052.2291	CRW.510.052.2453
CRW.510.052.2294	CRW.510.052.2476
CRW.510.052.2296	CRW.510.052.2477
CRW.510.052.2298	CRW.510.052.2478
CRW.510.052.2300	CRW.510.052.2479
CRW.510.052.2301	CRW.510.052.2480
CRW.510.052.2303	CRW.510.052.2481
CRW.510.052.2310	CRW.510.052.2482
CRW.510.052.2311	CRW.510.052.2484
CRW.510.052.2313	CRW.510.052.2485
CRW.510.052.2320	CRW.510.052.2486
CRW.510.052.2321	CRW.510.052.2487
CRW.510.052.2323	CRW.510.052.2488
CRW.510.052.2333	CRW.510.052.2490
CRW.510.052.2353	CRW.510.052.2492
CRW.510.052.2354	CRW.510.052.2494
CRW.510.052.2355	CRW.510.052.2496
CRW.510.052.2356	CRW.510.052.2497
CRW.510.052.2358	CRW.510.052.2503
CRW.510.052.2359	CRW.510.052.2505
CRW.510.052.2382	CRW.510.052.2506
CRW.510.052.2389	CRW.510.052.2507
CRW.510.052.2390	CRW.510.052.2509
CRW.510.052.2392	CRW.510.052.2511
CRW.510.052.2398	CRW.510.052.2513
CRW.510.052.2400	CRW.510.052.2515
CRW.510.052.2403	CRW.510.052.2516
CRW.510.052.2410	CRW.510.052.2517
CRW.510.052.2413	CRW.510.052.2519
CRW.510.052.2414	CRW.510.052.2521
CRW.510.052.2416	CRW.510.052.2522
CRW.510.052.2417	CRW.510.052.2523
CRW.510.052.2425	CRW.510.052.2524
CRW.510.052.2426	CRW.510.052.2526
CRW.510.052.2428	CRW.510.052.2528
CRW.510.052.2430	CRW.510.052.2530
CRW.510.052.2431	CRW.510.052.2531
CRW.510.052.2433	CRW.510.052.2533
CRW.510.052.2435	CRW.512.050.0019
CRW.510.052.2436	

Schedule 2 – event collateral

CRW.510.052.2030	CRW.510.052.2224
CRW.510.052.2031	CRW.510.052.2258
CRW.510.052.2032	CRW.510.052.2259
CRW.510.052.2033	CRW.510.052.2261
CRW.510.052.2034	CRW.510.052.2263
CRW.510.052.2035	CRW.510.052.2264
CRW.510.052.2036	CRW.510.052.2266
CRW.510.052.2037	CRW.510.052.2275
CRW.510.052.2038	
CRW.510.052.2039	
CRW.510.052.2041	
CRW.510.052.2043	
CRW.510.052.2046	
CRW.510.052.2050	
CRW.510.052.2052	
CRW.510.052.2054	
CRW.510.052.2056	
CRW.510.052.2058	
CRW.510.052.2065	
CRW.510.052.2068	
CRW.510.052.2069	
CRW.510.052.2070	
CRW.510.052.2071	
CRW.510.052.2072	
CRW.510.052.2073	
CRW.510.052.2074	
CRW.510.052.2174	
CRW.510.052.2175	
CRW.510.052.2176	
CRW.510.052.2177	
CRW.510.052.2178	
CRW.510.052.2179	
CRW.510.052.2180	
CRW.510.052.2181	
CRW.510.052.2182	
CRW.510.052.2184	
CRW.510.052.2185	
CRW.510.052.2186	
CRW.510.052.2187	
CRW.510.052.2188	
CRW.510.052.2190	
CRW.510.052.2192	
CRW.510.052.2193	
CRW.510.052.2207	
CRW.510.052.2208	
CRW.510.052.2223	

Schedule 3 – rewards collateral

CRW.510.052.0062

CRW.512.037.0042

CRW.512.037.0046

CRW.512.037.0121

CRW.512.037.0134

CRW.512.037.0146

CRW.512.037.0147

CRW.512.037.0148

CRW.512.037.0161

CRW.512.037.0162

CRW.512.037.0163

CRW.512.037.0165

CRW.512.037.0166

CRW.512.037.0167

CRW.512.037.0171

CRW.512.037.0173