Chapter X

Customer Relationship Management at Harrah’s Entertainment

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ABSTRACT

Data warehousing has significantly changed how decision making is supported in organizations. A leading application of data warehousing is customer relationship management (CRM). The power of CRM is illustrated by the experiences at Harrah’s Entertainment, which has assumed a leadership role in the gaming industry through a business strategy that focuses on knowing their customers well, giving them great service, and rewarding their loyalty so that they seek out a Harrah’s casino whenever and wherever they play.

In 1993, changing gaming laws allowed Harrah’s to expand into new markets through the building of new properties and the acquisition of other casinos. As management thought about how it could create the greatest value for its shareholders, it was decided that a brand approach should be taken. With this approach, the various casinos would operate in an integrated manner rather than as separate properties. Critical to their strategy was the need to understand and manage relationships with their customers. Harrah’s had to understand where their customers gamed, how often and what games they played, how much they gambled, their profitability, and what offers would entice them to visit a Harrah’s casino. Armed with this information, Harrah’s could better identify specific target customer segments, respond to customers’ preferences, and maximize profitability across the various casinos.
In order to execute their business strategy, Harrah’s made a substantial investment in information technology to create WINet. WINet sources data from casino, hotel, and event systems. The data is then integrated into a patron database that serves as an operational data store. The data store is used to support operations, such as facilitating the check-in of customers at Harrah’s casinos. It is also used with “Total Rewards,” Harrah’s customer loyalty program. Customers accumulate reward credits based on their gaming and other activities at any Harrah’s properties. These reward credits can be redeemed for cast of comps on hotel accommodations, meals, and shows. Data from the patron database is then loaded in the marketing workbench, which serves as Harrah’s data warehouse. The marketing workbench supports analytical applications such as customer segmentation and profiling, and identifying customers to send offers to. WINet also provides the foundation for “closed loop marketing.” With this data-driven approach, campaigns are designed, tested, and the results retained for future use.

Harrah’s creative marketing, innovative uses of information technology, and operational excellence have resulted in many benefits, including a brand identity for Harrah’s, consistent guest rewards and recognition across properties, a significant increase in the response rate to offers to customers, and great customer loyalty. Valuable lessons have been learned that can be applied by other companies embarking on a CRM initiative.

INTRODUCTION

Data warehousing is the most important development in decision support over the last decade. Virtually all large and even many medium-and small-size firms have a data warehouse in place. These warehouses provide a repository of data that is optimized for decision support. Data in the warehouse is accessed by users (e.g., analysts, managers) throughout the organization who employ a variety of data access tools (e.g., SQL queries, managed query environments) and applications (e.g., DSS/EIS).

Data warehousing is being used to support many important organizational strategies and initiatives, such as balanced score carding and electronic commerce (both B2C and B2B). Yet another important initiative supported by data warehousing is customer relationship management (CRM). CRM is designed to attract new customers, enhance relationships with existing customers, and reduce customer attrition. It requires a data warehouse that integrates and stores data in a customer-centric manner. This data is then analyzed using advanced analytical methods for purposes such as campaign planning, market segmentation analysis, customer scoring and profiling, customer profitability analysis, and customer attrition analysis.

Harrah’s Entertainment, Inc. (or simply Harrah’s) has assumed a leadership position in the gaming industry through a business strategy that focuses on knowing their customers well, giving them great service, and rewarding their loyalty so that
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