

"harrah's  
entertainment inc." by  
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**ASSIGN  
BUSTER**

1. What are Harrah's brand's strengths, weaknesses, opportunities, and threats? Strengths General – Strong and consistent revenue growth over the past years and reliable stock market performance allowing for Harrah's to gain a leading market position.

– Harrah's national presence with a network of 26 casino locations in all “traditional” and most of the new U. S. casino markets across 13 states, including land-based, dockside, riverboat, and Indian casino facilities. – First-mover advantage: William Fisk Harrah was the first to industrialize gambling with the casino operation in Reno, NV dating back as far as 1937.

Additionally, Harrah's was among the first companies to set up facilities whenever the legal and regulatory institutions allowed for new markets opportunities. Customer Relationship Management – Complexity of the Total Rewards program which is designed to appeal to and provide value for both “big time spenders” and small but steady gamblers.

– Harrah's ability to anticipate, as opposed to react to, what customers like and dislike and design and deliver its services accordingly. Technology enabled, automated business processes which provide seamless customer information across all departments in all Harrah's locations. – Ability to (re-) design its servicescape based on the transaction data obtained from its Total Rewards members, e. g.

install more slot machines if data suggests this will yield to increased revenues. – Consistent brand experience for customers through integration of information system infrastructures across all Harrah's locations.

Organizational Structure Harrah's customer-centric marketing and

operations approach which tightly integrates marketing and operations activities through cross-functional teams. Management – Strong performance of COO Gary Loveman in developing and implementing the Total Rewards program and re-building the company's organizational structure.

Service – Harrah's ability to provide world-class service experience in a "tricky environment" by putting in place a number of measures at the employee level such as service process design, reward and recognition.

Brand Image – Consistent focus of all advertising activities around the feeling of exuberance and anticipation which research suggests are the most profound emotions of gaming. Weaknesses – Harrah's marketing efforts are primarily directed toward existing Total Rewards members and current gamblers frequenting other casinos in the target markets, thereby leaving those potential customers who currently frequent other entertainment options out of consideration. – The market presence of Harrah's casinos is limited to the U.

S. market. As opposed to the MGM, the Mirage, or the Bellagio, Harrah's properties are not highly-themed environments that offer a lot of new experiences to the customer. – Standardization of the entire company, but especially its IT systems, will (1) necessitate a need to merge or replace infrastructures when acquiring or merging with a company and (2) limit the company's ability to adapt structures to the changes in the market environment.

Opportunities – Expand cross-market revenue by encouraging Total Rewards Members to play at various Harrah's locations. More tightly integrate the

Internet / Harrah's Website into marketing and advertising activities. –

Current Customers: Provide a self-service channel for customers to view personalized offers, last-minute offers, reward credits needed to achieve the next level etc. – Prospective Customers: Increase awareness via an exciting, memorable Website and strong online advertising. – Online Gambling: Provide an online portal which allows for Total Rewards members as well as new customers to experience a selection of games on the web, e.

. slots, and provides another means to accumulate rewards credits from a remote location. – Expand current Total Rewards data base by adding more fields to it, such as an advertising campaign management tool. – Direct marketing efforts towards the “ retail market”, that is, not only towards its current Total Rewards members and those gamblers currently frequenting other casinos.

– Growth through acquisition or joint venture with existing casino operators inside or outside the U. S. market. Automate operational initiatives in order to be able to utilize customer information in real-time while the customer is at the facility, e.

g. instant offers displayed for the customer at the slot machine while one is playing. – Utilize Total Rewards program as platform to allow for a “ cashless” infrastructure which enhances convenience as part of the service experience. – Expansion of casino operations across other global markets such as Asia Pacific or Western Europe. Threats – Unfavorable reputation of gambling among sections of the U.

S. opulation hindering social acceptance of gambling as entertainment. – Intense competition given the restricted number of markets where gambling is a legalized entertainment option. – A maturing U.

S. gambling market is likely to induce a decline in overall growth rates in the future years. – Increase of competition due to growth of already existing non-gambling entertainment options and / or emergence of new non-gambling entertainment options. – Changes in the legal and regulatory environment of gambling may further limit market opportunities for casino operations.

Intensification of competition as a result of competitors building newer and flashier properties.

– Development of customer relationship management programs by the competition aimed at copying Harrah's successful techniques. 2. How does Harrah's create customer value? – Proactive Marketing: Opportunity-based customer segmentation enables Harrah's to build customer relationships based on a customer's estimated future worth and thus direct marketing efforts towards specific customers and / or customer segments. Tiered Total Rewards Program allows Harrah's to identify its best customers on the spot and consequently to treat its best customers best. – The Reward Menu as part of the Total Rewards program translates reward credits to the various complimentary offerings and thus enables customers to understand exactly which privileges and / or perks are available and how to earn them. – Harrah's excels at providing world-class service experience in a "tricky" environment and is known to have the friendliest employees which set the foundation for Harrah's to win the award for "best service" for three years in a row.

Harrah's national presence, that is, its network of casinos operations, allows for customers to accrue and redeem rewards credits at any of its 26 locations throughout the United States. – Integrated information systems across all Harrah's locations allow for the company to provide a consistent brand experience for its customers as each customer's profile is fully accessible at any of Harrah's locations. 3. How does Harrah's create customer loyalty? The tiered Total Rewards program ranges from Gold and Platinum to Diamond memberships depending on the customer's level of play increases a customer's switching costs " play by play". – The three tiered program reflects the " ideal" path a customer should complete during his / her relationship with Harrah's across the customer life cycle.

– The top tiers have a number of privileges attached to them, which are intended to serve as incentives to encourage repeat business. – Based on transactional data, Harrah's regularly addresses personalized offers to its current Total Rewards members in order to generate repeat business. Harrah's customer-centric approach to marketing which consists of three pillars– new business, loyalty and retention – allows for execution of a targeted direct marketing program. – New Business: Ability to make more effective investment decisions at the customer level based on a customer's predicted worth. – Loyalty: Offer incentives of customers to visit Harrah's properties more frequently and to encourage customers to visit Harrah's casinos first in order to capture the majority of the single casino trips. Retention: Re-invigorate customers who have broken a historical visitation pattern or showed other signs of attrition.

- Information Management - Harrah's effectively utilizes the customer information generated by the Total Rewards program to tailor its service offering to the individual customer segments. - Transactional data facilitates for Harrah's to re-design its servicescape in order to meet changing customer expectations and thus repeatedly deliver positive service experiences. Availability of real-time customer information provides a means for Harrah's to constantly stay in touch with its customers and facilitates to anticipate customer likes and dislikes in order to repeatedly meet (or exceed) customer expectations. - Brand Image - The Total Rewards program does not convey the image of " bribing" the customers, but to actually take into account the customers' desires and to provide services accordingly.

- Create a feeling among customers that Harrah's - as opposed to its competitors - knows its customers and rewards customers like the firm knows them.