

Harrah's entertainment inc.

Entertainment



**ASSIGN
BUSTER**

Harrah's Entertainment Inc. Philip G. Satre, CEO of Harrah's Entertainment Inc. , had steered the company to a new direction and created a new competitive advantage for the company. In 1998, Gary Loveman joined Harrah's as chief operating officer (COO) and helped the company to change from operations-driven company that had its properties operate as " standalone business," to a marketing-driven company that focused on the target customers and build loyalty under Harrah's brand.

By December 1999, Harrah's had 50% growth in revenue and 100% growth in stock price and profits, which the results were significantly better than the industry. However, Satre had two questions for Gary Loveman and his team. He wanted to know how much percentage of the marketing dollars was accounted for this success and was these marketing efforts sustainable. Phillip Satre became CEO of Harrah's Entertainment Inc. in 1984. His first sustainable competitive advantage was to focus on customer.

The first CRM system was the Winner's Information Network, which collected and analyzed data based on customers' play. The strategy was a success until mid 1990s when there were more competitors entered the market with better and flashier properties. The company launched the Total Gold program in fall 1997, which focused more on increasing customer loyalty. After Gary Loveman joined the company in 1998, the data he analyzed was showed that customers had little loyalty to the company, so the company's main focus was to increase customers' loyalty.

In order to succeed, Loveman introduced three major plans: changing the organization structure/ building the Harrah's brand, delivering extraordinary

service, and exploiting relationship marketing opportunities. The new CRM was recreated and consisted of two components: Database Marketing (DBM) and the Total Gold Program. DBM could precisely predict "customer worth" - how much the casino expected to win from a customer. This system helped Harrah's to identify its potential great customers.

It also helped Harrah's to develop customer centric approach to direct marketing, which comprised 3 phases to a customer relationship: new business, loyal and retention. The Total Gold Program was created to assist and support the cross-market visitation patterns of the customers. The Total Gold Program increased Harrah's cross-market revenues from 13% in 1997 to 23% in 2000. It also helped Harrah to create true royalty program which motivated customers to set goals and explained clearly for how to achieve them.

Harrah's main focus was to increase customers' loyalty, so the metrics that could be used to assess its performance were customer satisfaction and customer loyalty. As far as how much percentage of the marketing efforts had contributed to the overall performance which could be measured by using return on investment metric. This competitive advantage probably sustained until the competitors introduced similar programs, which Harrah's might have to come up with new innovations. However, Harrah's had excelled in customer intimacy and also did very well in product leadership, which put Harrah's in better position than its competitors.