

# Swot analysis of harrah's entertainment

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As we have analyzed the competing forces that could affect the overall success of Harrah's Entertainment in the casual dining industry, the researchers also recognize the need to be able to identify the strength and weakness of Harrah's Entertainment as well as external opportunities, and threats. Exhibit 3 illustrates a SWOT analysis of Harrah's Entertainment strategic capabilities. The value of the SWOT analysis is its ease of use, its simplicity, and its flexibility.

In addition, SWOT analysis allows the synthesis and integration of various types of information which are generally known but still provides the possibility to organize and synthesize recent information as well (Thompson and Strickland 2001). The insight to be gained in performing the SWOT analysis is the understanding of the core competency of the company that would give it a distinctive competitive advantage over its rival.

More importantly, it provides the groundwork on (1) how the company's strategy can be matched to both its resource capabilities and its market opportunities, and (2) how urgent it is for the company to correct which particular resource deficiency and guard against to particular threats. It also raises questions about what future resource strengths and capabilities the company will need to respond to emerging industry trends and competitive conditions (Thompson and Strickland 2001). Core competence is defined as "the capability of a company to perform a certain task relative to other competitors (Thompson and Strickland 2001, p. 127). "

It gives the company a competitive capability and thus qualifies as a genuine company strength and resource. Harrah's Entertainment core competency is

developing customer loyalty through strategic branding initiatives that enhances Harrah's portfolio of brand assets. Its strong brand portfolio along with its strong distribution of network differentiates it from its competitors. Its broad portfolio of entertainment services such as race tracks, casinos, and slot machines also allows Harrah's Entertainment to provide innovative service offering to its customers.

In addition, with its long established history in the hospitality gaming industry, Harrah's Entertainment has established not only a strong brand portfolio, but has improve its business processes to further improve its customer service and improve its strategic assets. Its accumulated knowledge and intellectual capital through time allows the company, more than physical assets and tangible organizational resources, have been a key ingredient of its core competence and a firm's competitive capability.

Following the capabilities approach, management's task is to determine how best to improve and exploit these firm-specific resource.

In addition, management's task is needs to identify and develop the requisite capabilities. What really matters is achieving a defensible cost and differentiation position in an attractive market and keeping rivals off balance through strategic investments, pricing strategies, and signals. The aim of both approaches is to determine sources of sustainable competitive advantage (Day, 1994). Sustainable competitive advantage is only achieved if the company has distinctive capabilities or resources that its competitors do not have (Kay, 1999).

Various management tools have been developed to identify and determine the firm's strategic assets and staking out a competitive position in the market.

### **Market Opportunities and Threats**

Market opportunity is a big factor in shaping a company's strategy.

Strategically, the market opportunities most relevant to a company are those that offer important avenues for profitable growth, those where a company has the most potential for competitive advantage, and those that match up well with the company's financial and organizational resource capabilities (Kotler 2001).

Furthermore, it is important to note not all opportunities are worth pursuing. It is often advised to pass on a particular market opportunity unless it has or can build the resource capabilities to capture it. Expanding to new markets is a key growth driver for Harrah's Entertainment. With an established network of casino and hotel in the premier district of Las Vegas, Harrah's Entertainment growth will come from its expansion overseas offering favorable business regulatory environment for casinos and gambling services.

Because of gambling is still a cultural issue, political risks from government legislation and regulation still is a big threat for the viability of business operations within a geographic region. While the recent legislation on online gaming will affect the growth of the sector, the company can expand to new offerings such as greyhound race track and horse racing. These segments can boost casino revenues with new revenue streams from these services. In

addition, Harrah's can further build and develop its existing brands to add to its three best-recognized, and most-respected brands.

To add, with a strong brand name, Harrah's Entertainment can further its standing by augmenting its hotel and restaurants to its casino business. With casino business accounting for more than 60 percent of total revenues, increasing revenues from hotel and restaurant segment can reduce the risk of overdependence to the casino segment for the company. Analysis on Current Portfolio of Strategic Business Units The BCG Growth-share matrix was developed after a series of mergers and acquisitions in 1960s.

Executives needed an analytical tool to evaluate their diversification and to assist them in their investment and acquisition decisions.

Boston Consulting Group (BCG) offered a unique perspective at strategic planning activities and investment allocations (Henderson 1970, 1979). The BCG approach essentially approach a widely diversified conglomerate into a portfolio of businesses, each one offering a unique contribution to growth and profitability. Each business unit is independent and has its own strategic vision and mission to stake out a competitive position in the market. The BCG Matrix illustrates how each business unit contributes to the growth and profitability of the conglomerate.

In order to visualize the role played by each business unit, BCG developed the growth-share matrix, in which all the businesses in a firm are plotted on a four-quadrant grid (Figure 1). The horizontal axis corresponds to the market share enjoyed by a business relative to its major competitor, and is a way of characterizing the strength of the firm in that business. The vertical

axis indicates the per cent of growth in the market in the most recent year, or the attractiveness of the market for the business. Circles represent each business, with the area within them proportional to total sales (Hax and Majluf 1983).