

**Read the questions carefully and justify all your answer.  
You cannot use any class or personal materials.**

## **Caesars Entertainment Casino**

Caesars Entertainment (formerly Harrah's Entertainment) is the world's largest gaming company, with a number of key brands including Caesars, Harrah's, Horseshoe, and the London Clubs family of casinos.

Gamblers are creatures of habit, and no gaming corporation has done a better job of tracking, analyzing, and capitalizing on those habits than Caesars. Analysis of customer data found that the 30 percent of the customers who spent between \$100 and \$500 per visit accounted for 80 percent of company revenues and almost 100 percent of profits. Those gamblers were typically local residents, who visited their nearby the Casino frequently. With this data in hand, the marketing teams developed a profile of the ideal customer. As it turns out, the ideal gambler is a 62-year-old woman who lives within 30 minutes of a casino and plays dollar video poker. These ladies typically have substantial disposable cash, plenty of time on their hands, and easy access to a casino in their region.

Caesars Entertainment has made an intensive, extensive marketing investment, and that pay off. It is a leader in the use of highly sophisticated loyalty programs. Harrah's was the first company to launch a tiered customer loyalty program in the gaming industry. The program now covers Caesars Entertainment's other brands as well and is integrated across nearly all its properties and services. It has four tiers—Gold, Platinum, Diamond, and Seven Stars (by invitation only).

Customers identify themselves (and earn points) at every touch point throughout the company, ranging from its gaming tables, restaurants, and hotels to its gift shops and shows. The points collected can be used to obtain cash, merchandise, lodging, show tickets, and vacations.

What is special about Caesars Entertainment is not its loyalty program but what it does with the information it gleans from its customers when they use their cards to earn points. At the back end, the firm has linked all its databases from casino management, hotel reservations, and events. This allows it to have a holistic view of each customer. The company now has detailed data on tens of millions of customers and knows each customer's preferences and behaviors. These range from how much they spend on each type of game and what food and drinks they like to the kind of entertainment and lodging they prefer. All this information about the customer is captured in real time.

Caesars Entertainment uses this data to drive its marketing and on-site customer service. For example, if a Diamond card holder on slot machine 278 signals for service, a Caesars associate is able to ask, "The usual, Mr. Jones?" He can then track the time it takes for a server to fulfill the guest's request. When a customer wins a jackpot, Caesars can tailor a customer-specific reward to celebrate that win. Caesars also knows when a customer is approaching his maximum gaming limit on a particular evening and when he is likely to stop playing. Just before the limit is reached, Caesars can offer him a heavily discounted ticket in real time via text message for a show with available seats. This special deal keeps the customer on the premises (thereby encouraging him to spend more money) and makes him feel valued. At the same time, it helps the company to use otherwise wasted capacity in its shows and restaurants.

Likewise, when a customer makes a call to Caesars' call center, the staff members obtain detailed real-time information about his preferences and spending habits. They can then tailor promotions that

cross-sell or up-sell the company's services. Caesars does not do blanket promotions that target all its customers at the same time. This is, according to Caesars' Chairman, President, and CEO Gary Loveman, "a margin eroding nightmare." Rather, it uses highly targeted promotions that create the right incentives for each of its different customers. It also uses control groups to measure the success of a promotion in dollars and cents and to further fine-tune its campaigns.

With its data-driven CRM, Caesars is able to personalize and differentiate customer interactions. Harrah's, the first brand in the group to launch the Total Rewards Program, has increased the share of wallet of its Total Rewards card holders from 34% (when the CRM program was first implemented) to an impressive 50%.

- a) Based on information contained in the text and your knowledge of marketing segmentation, explain how Caesars segmented the market. [4,5]
- b) Characterize Caesars positioning strategy in the Casino entertainment industry [4].
- c) What is the role of CRM in delivering a customer relationship strategy and increase customer loyalty? (Relate with the concept of Customer Lifetime Value) [4,5].
- d) What are the sources of Caesars brand equity? In your opinion what are the main challenges faced by the brand in the future (consider the overall marketing strategy) [4].
- e) The physical environment impacts the customer experience. Explain using the Russell's model of affect the kind of experience the casino managers should create for their customers [3].