



**2016 Database Management & Modeling
Group Project**

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1. What are the objectives of the various Database marketing programs and are they working?

Database Marketing Programs:

- **New Business Program**
- **Loyalty Program:**
 - Frequency Upside**
 - Budget Upside**
- **Retention Program**
- **The Total Rewards Program**

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

New Business Program

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

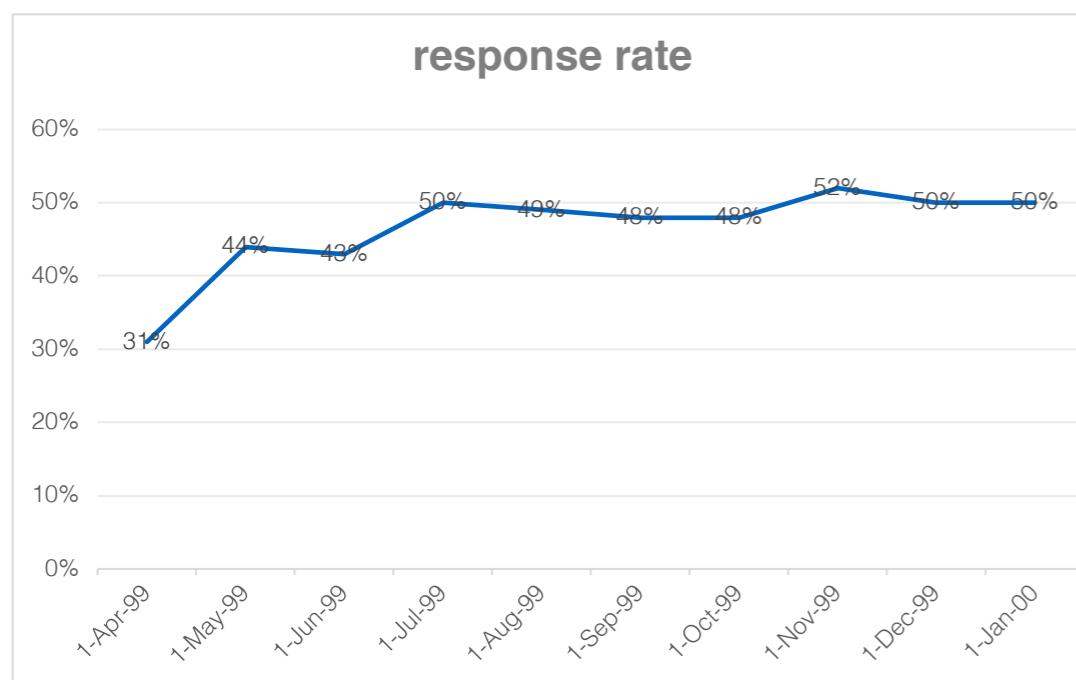
The Total Rewards Program

Objectives: Improve the effectiveness at converting new Total Gold members into loyal customers.

How It Works:

- Analyze customers based on a combination of theoretical wins and observed results
- Find new opportunities in new segmented groups
- Send personalized offers to targeted customers
- Reduce unnecessary offers

Results:



- Succeed in market
In general, almost half of the customers returned (response rate is 46%)
- A promising future
Increasing response rate
After the first round of redemption, the response rate is around 50%

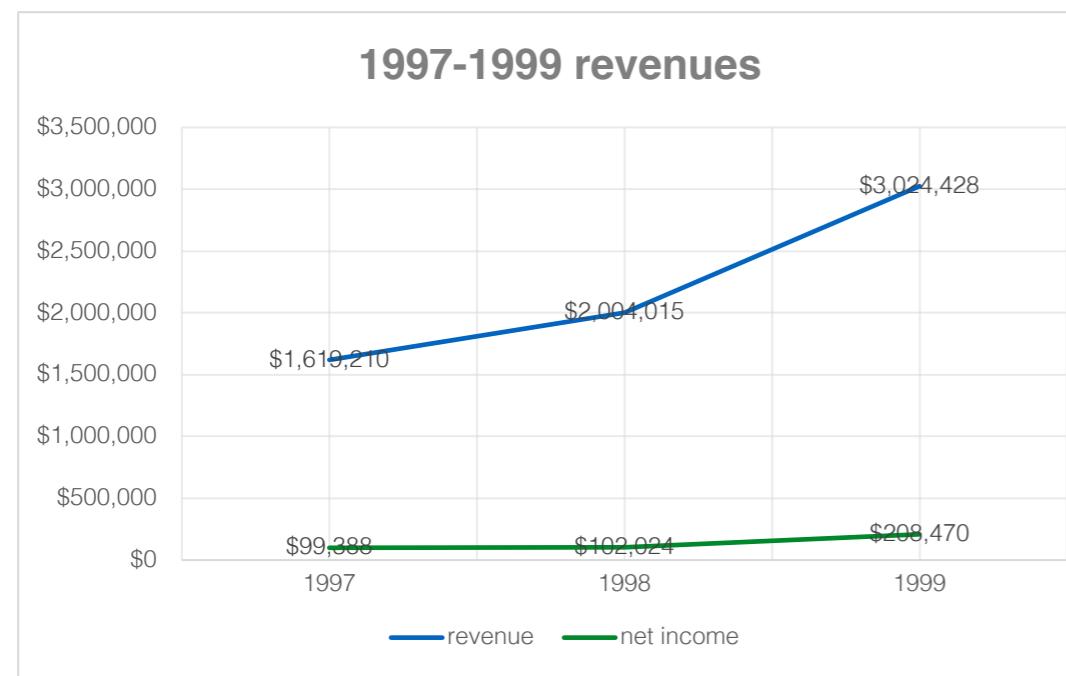
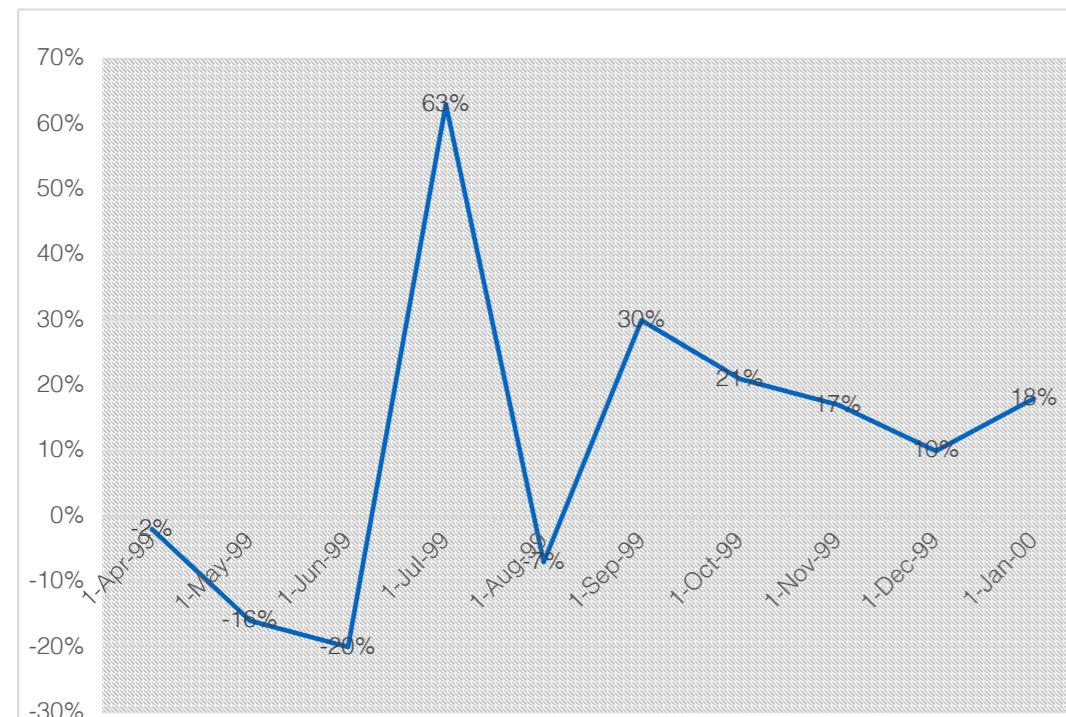
Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program



- Succeed in revenues
Incremental gains are increasing and above if we use the first month's revenues as a benchmark.
- Returning customers generate more revenues than new registered customers.

- Total revenues increased from 1998 to 1999

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

Loyalty Program (Frequency Upside and Budget Upside)

Database Marketing Programs

New Business Program

Loyalty Program
(Frequency Upside)

Retention Program

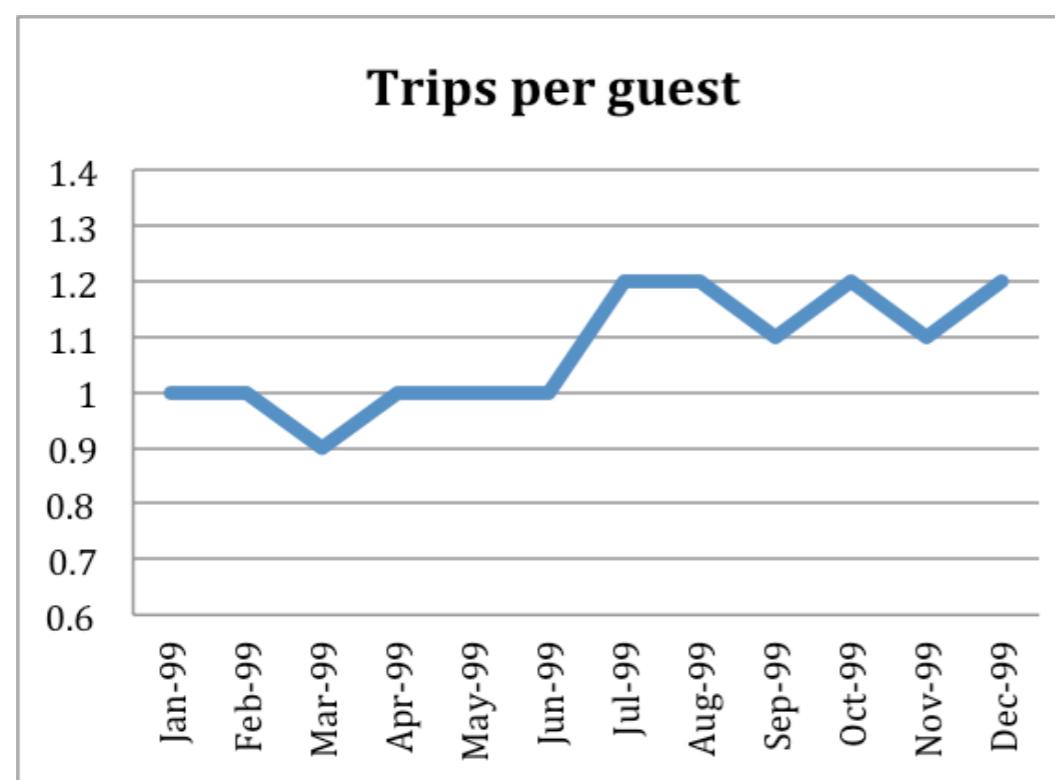
The Total Rewards Program

Objectives: increase customers' trip frequency to Harrah's, and then check whether increasing frequency can bring more revenue for the company.

How It Works:

- Identified a group of customers.
- sent an offer to the group.
- The offer can be redeemed in next three months.

Result of the Program:



- the trips per guest is stable on 1 before June 99
- increase to about 1.2 after June

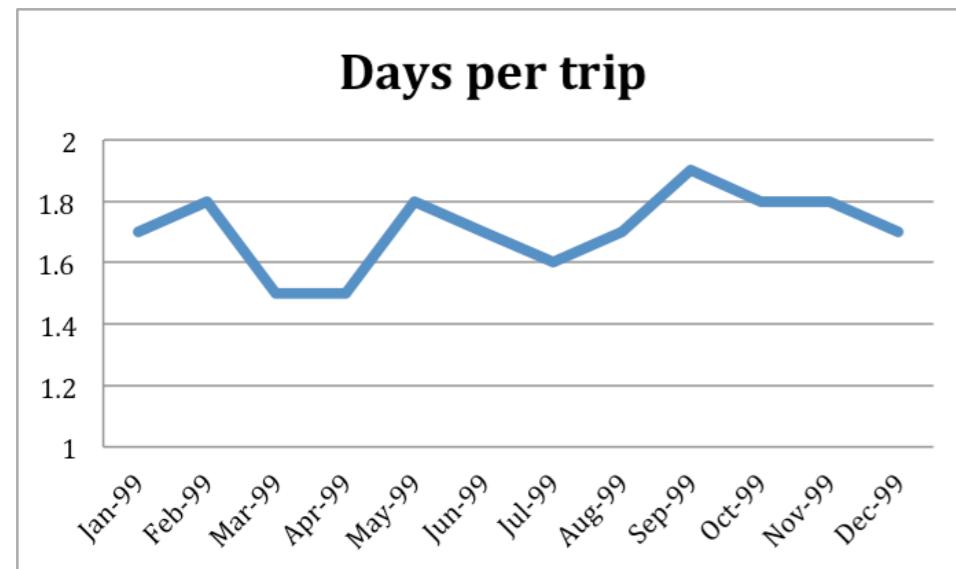
Database Marketing Programs

New Business Program

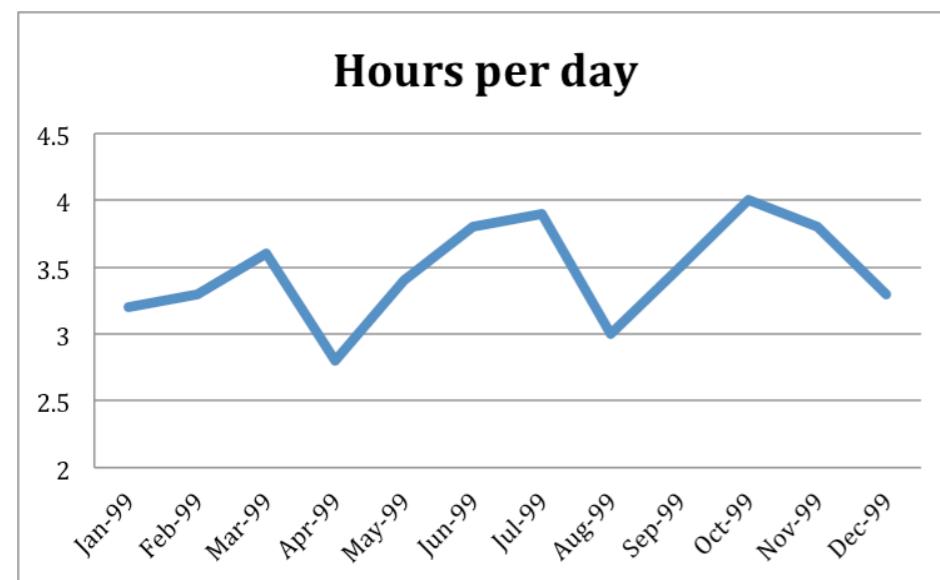
Loyalty Program
(Frequency
Upside)

Retention Program

The Total Rewards Program



- The difference between before June 99 and after June 99 is small
- 1.5 to 1.8 before June, and 1.6 to 1.9 after June.
- A seasonal cycle of rise and fall



- The result of hours per day is very similar with the result of days per trip.
- a seasonal cycle of rise and fall
- The hours are stale between 3 hours and 4 hours

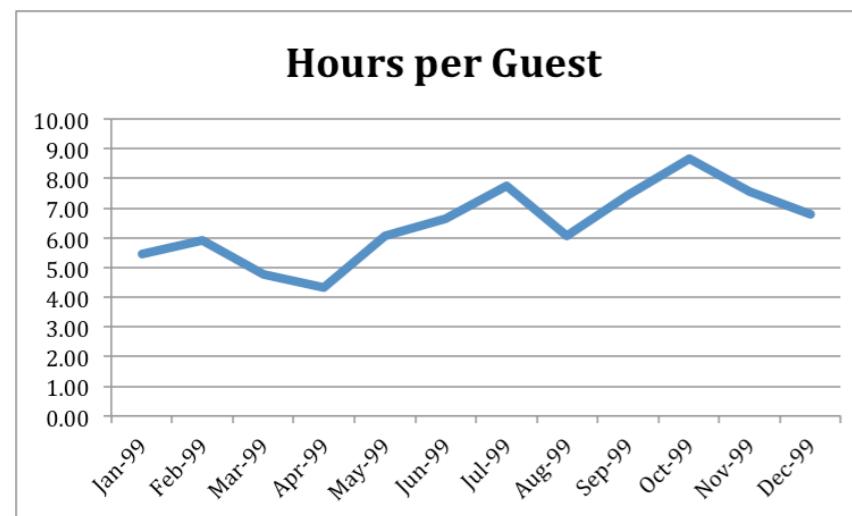
Database Marketing Programs

New Business Program

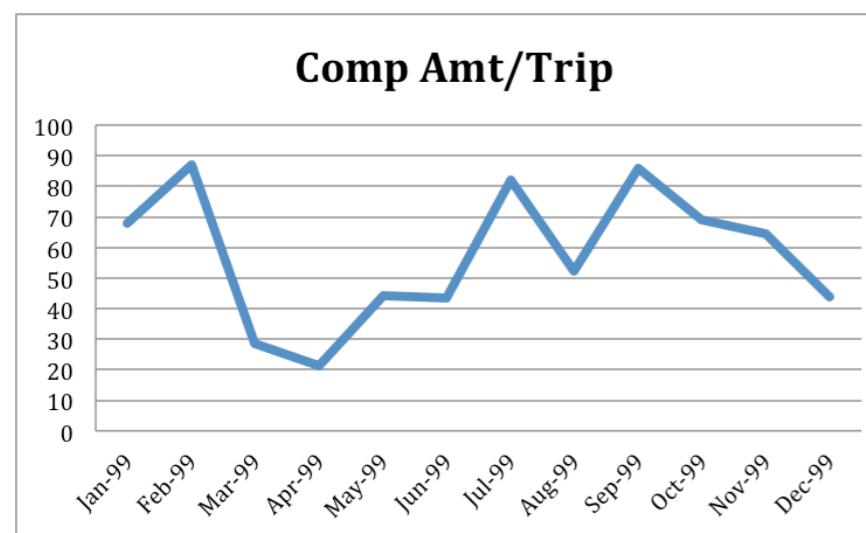
Loyalty Program
(Frequency
Upside)

Retention Program

The Total Rewards Program



- Equal to hours/trips* trips per guest.
- The hours that a customer spent in the casino increased obviously.
- Changed from 4 to 6 hours to 6 to 8 hours.



- Provided more complimentary dollar to sample customer after they accepted the offers.
- more customers redeemed offers in first three months.

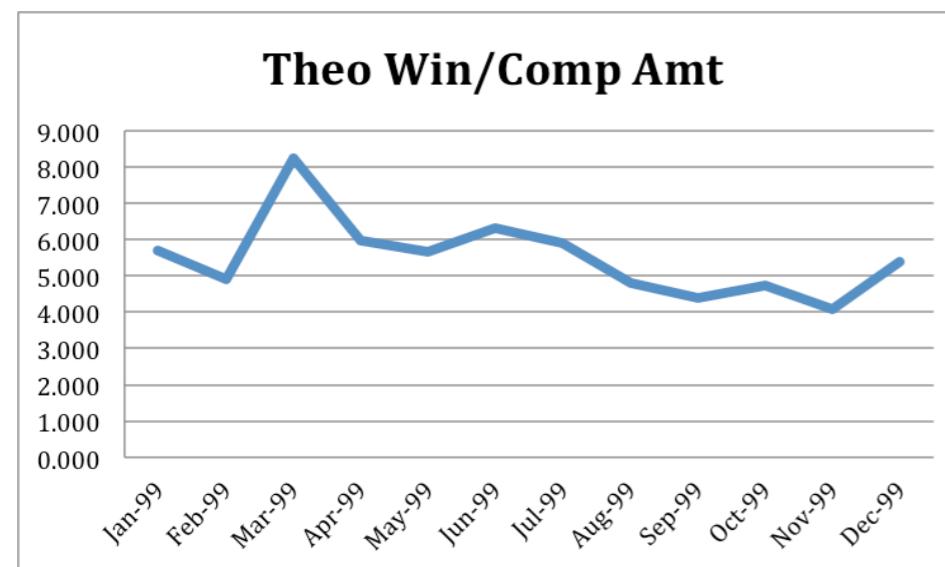
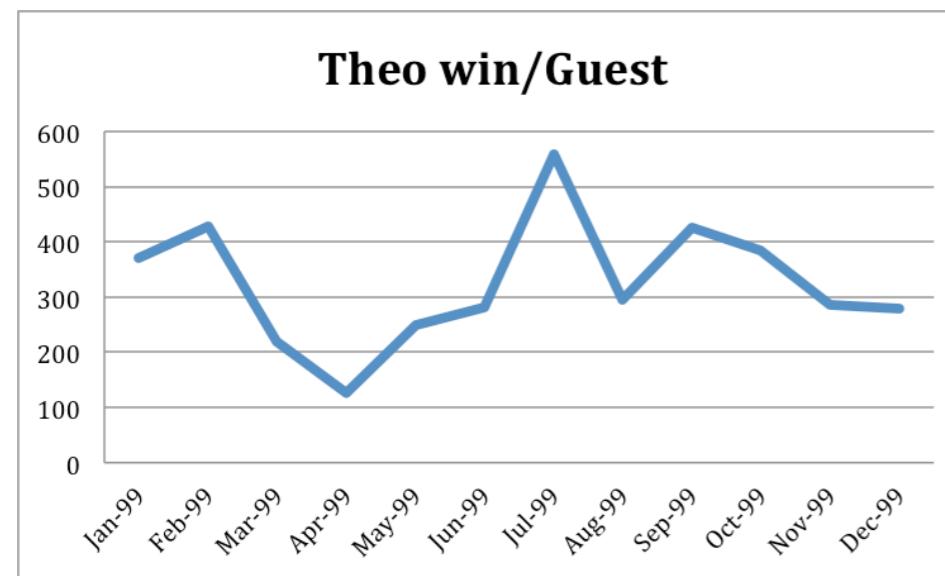
Database Marketing Programs

New Business Program

Loyalty Program
(Frequency
Upside)

Retention Program

The Total Rewards Program



- Theo win from each sample customer will increase after they accept the offers.
- Customers prefer to spend more money in Harrah's casinos.
- The revenue that each complimentary dollar can generate decreased after customers accepted offer.
- the performance of each complimentary dollar spending is less efficient.

Database Marketing Programs

New Business Program

Loyalty Program
(Budget Upside)

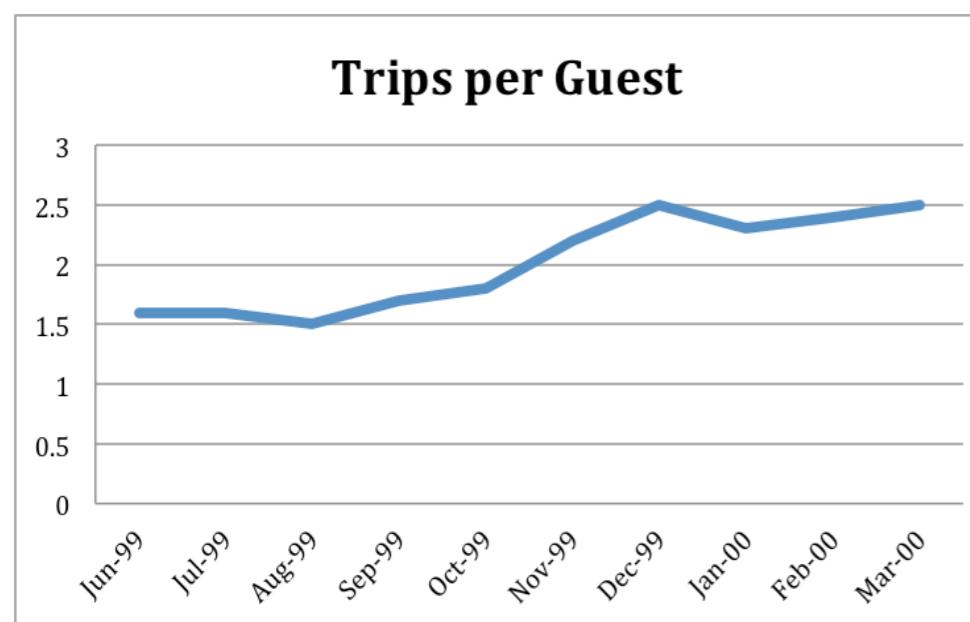
Retention Program

The Total Rewards Program

Objectives: encourage the customer to visit Harrah's first and thereby capture the majority of the single casino trips.

How It Works:

- Chose a sample group of people that it thought they had an upside budget potential.
- mailed offers in October and could be redeemed in November, December and January.
- In January, these sample customers would be re-evaluated again.
- additional offers would be send again to capture maximum potential budget in February and March.



- Before the offer sending (October 99), the frequency that customers visit casinos is stable from 1.5 to 1.7.
- this number jumps to 2.2 to 2.5 after the offers sending
- is very useful on increasing customers' frequency of trips.

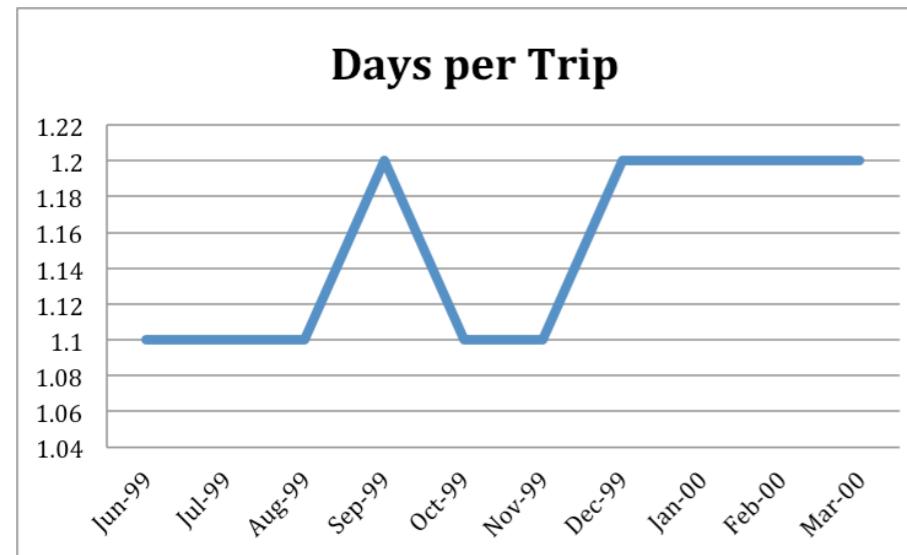
Database Marketing Programs

New Business Program

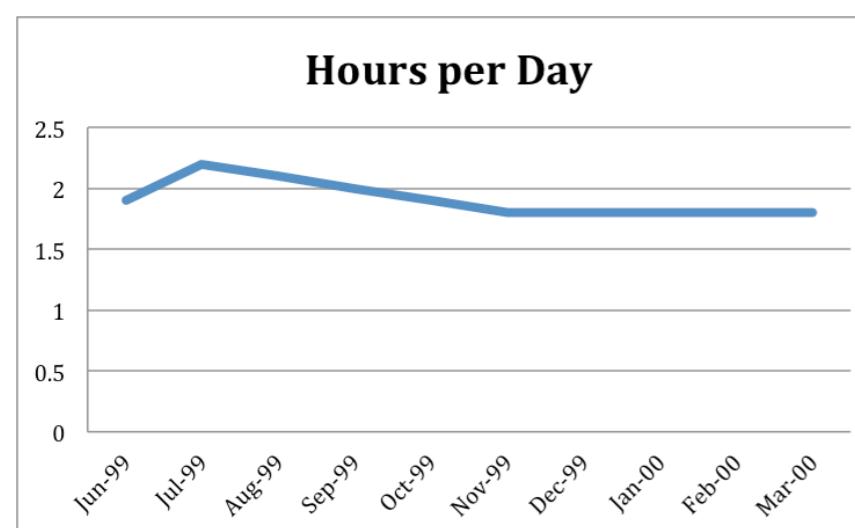
Loyalty Program
(Budget Upside)

Retention Program

The Total Rewards Program



- For days per trip, the effect of this program is not very significant.
- The days per trip is fluctuating in a range from 1.1 to 1.2.
- On hours per day, the trend of changing is decreasing, but the is still not very significant.
- The range is from 1.8 to 2.1.



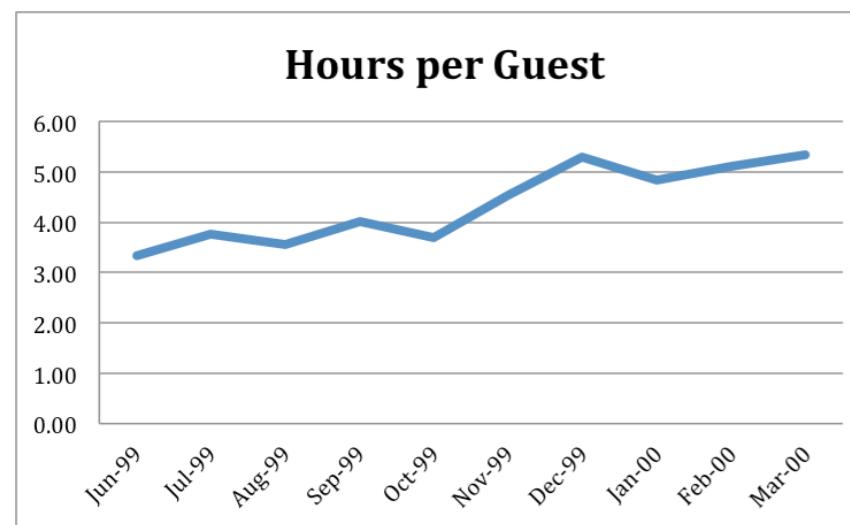
Database Marketing Programs

New Business Program

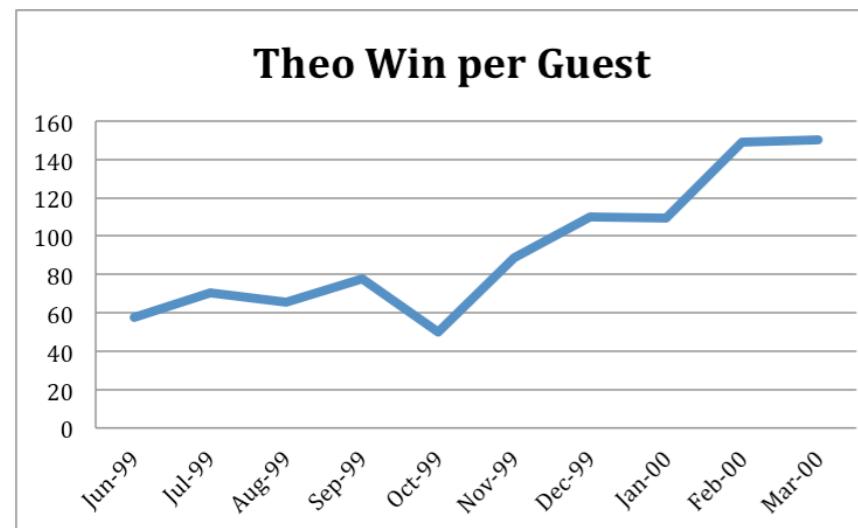
Loyalty Program
(Budget Upside)

Retention Program

The Total Rewards Program



- Equal to hours/trips* trips per guest.
- The effect of this program on hours per guest is very significant.



- Can significantly increase customers' budget in Harrah's casinos.
- Before offers sending (October 99), the theo win per guest is stable from \$60 to \$80.
- After offers sending, this number increases above \$100 (a range from \$110 to \$150).

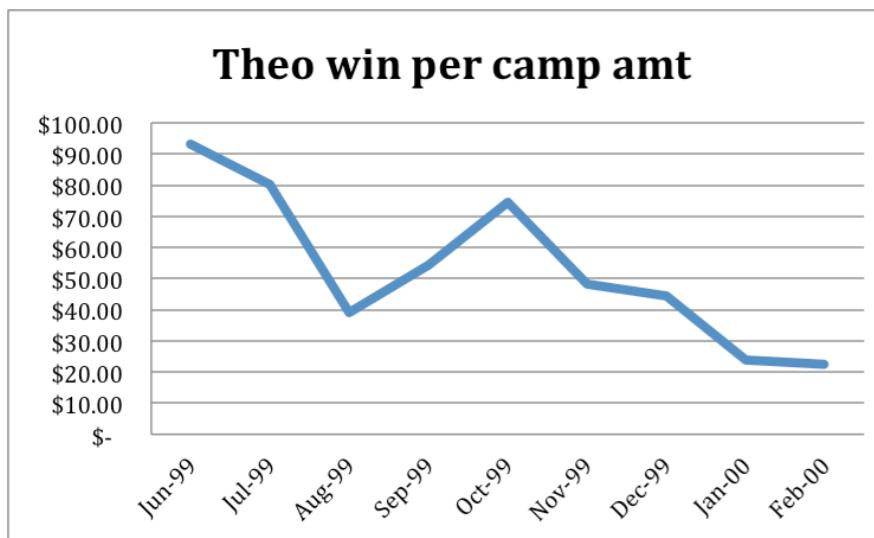
Database Marketing Programs

New Business Program

Loyalty Program
(Budget Upside)

Retention Program

The Total Rewards Program



- the efficiency of each complementary dollar is decreasing.
- Before order sending, each complimentary can generate an average revenue about \$90.
- This number decreases to \$42 after offer sending.

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

Retention Program

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

Objective:

To retain two kinds of customers:

- Customers who had broken their historical visitation pattern;
- Customers who had attired their relationships with Harrah.

How it works?

- Using DBM

Divided their customers into different segments;

Tested customers' response rates by sending them different promotions;

Identify the real loyal guests, and the proper activities.

- Working with local property

Educated local managers and their teams;

Combined DBM with local marketing insight;

Designed and used proper DBM system to achieve their goals.

Database Marketing Programs

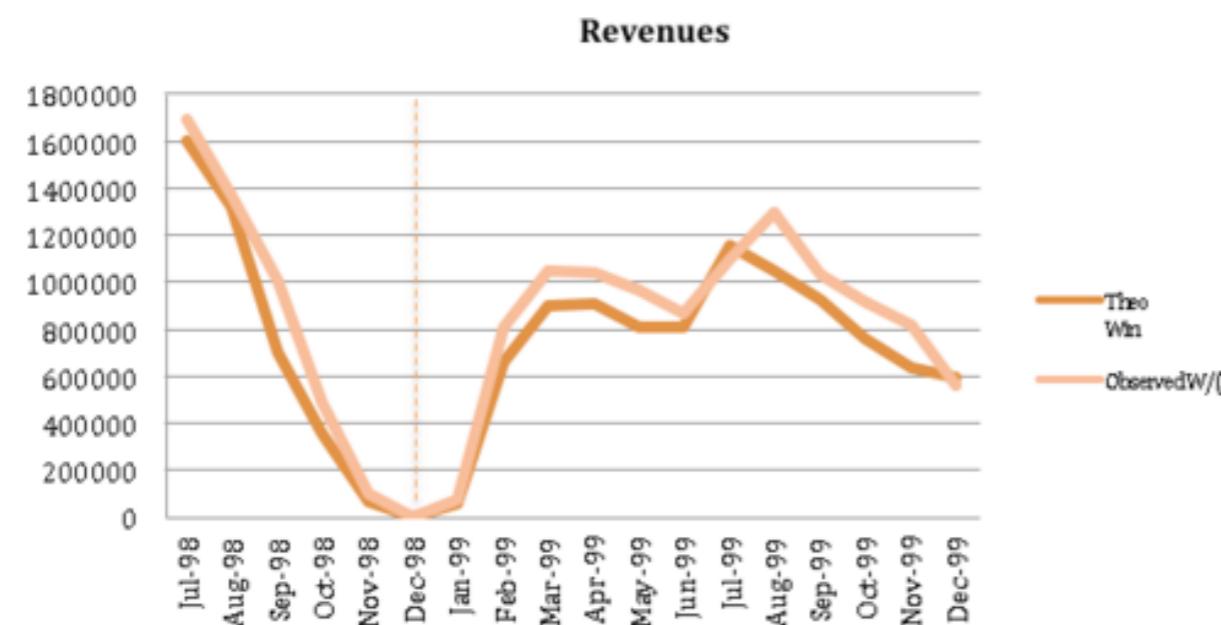
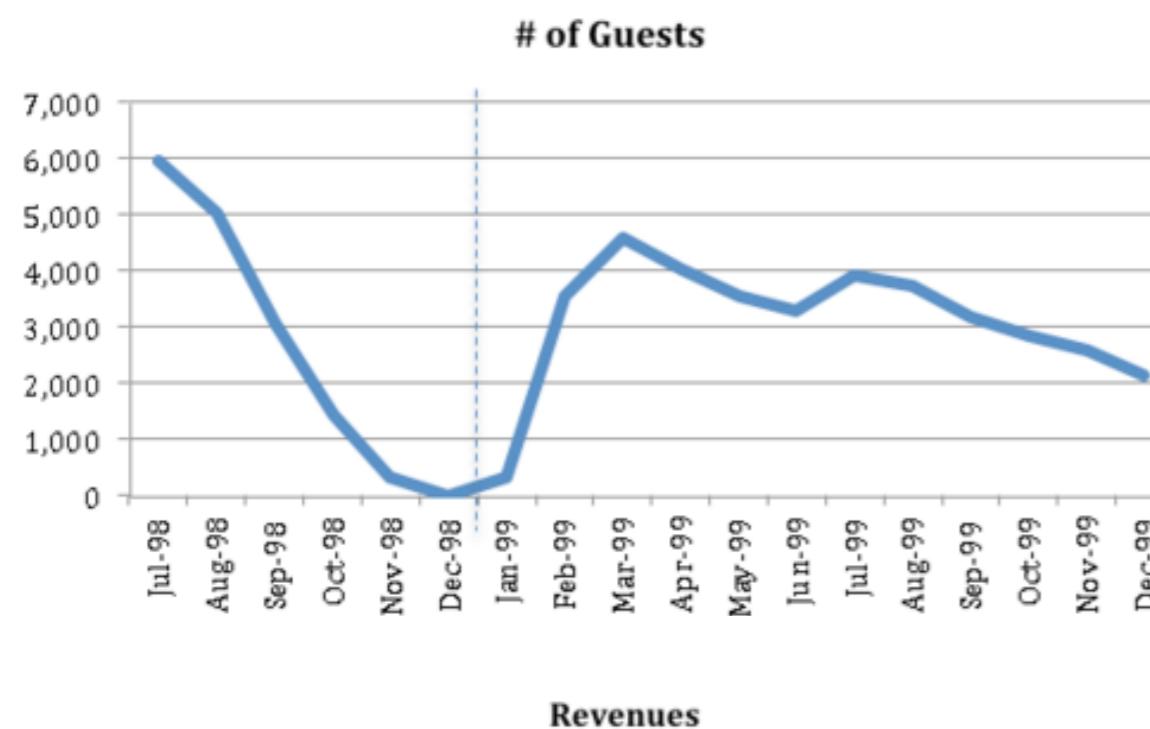
New Business Program

Loyalty Program
(Frequency
Upside)

Retention Program

The Total Rewards Program

Result:



- Before January 1999, the number of customer, theoretical wins, observation wins and the composition of customer who used mail offer declined dramatically.
- After that, the number of guests, theoretic wins and observation wins increased a lot.
- However, these numbers decreased a little bit by the end of 1999. This might because of the effects of situation, different time period of a year and the increase of cost.

Database Marketing Programs

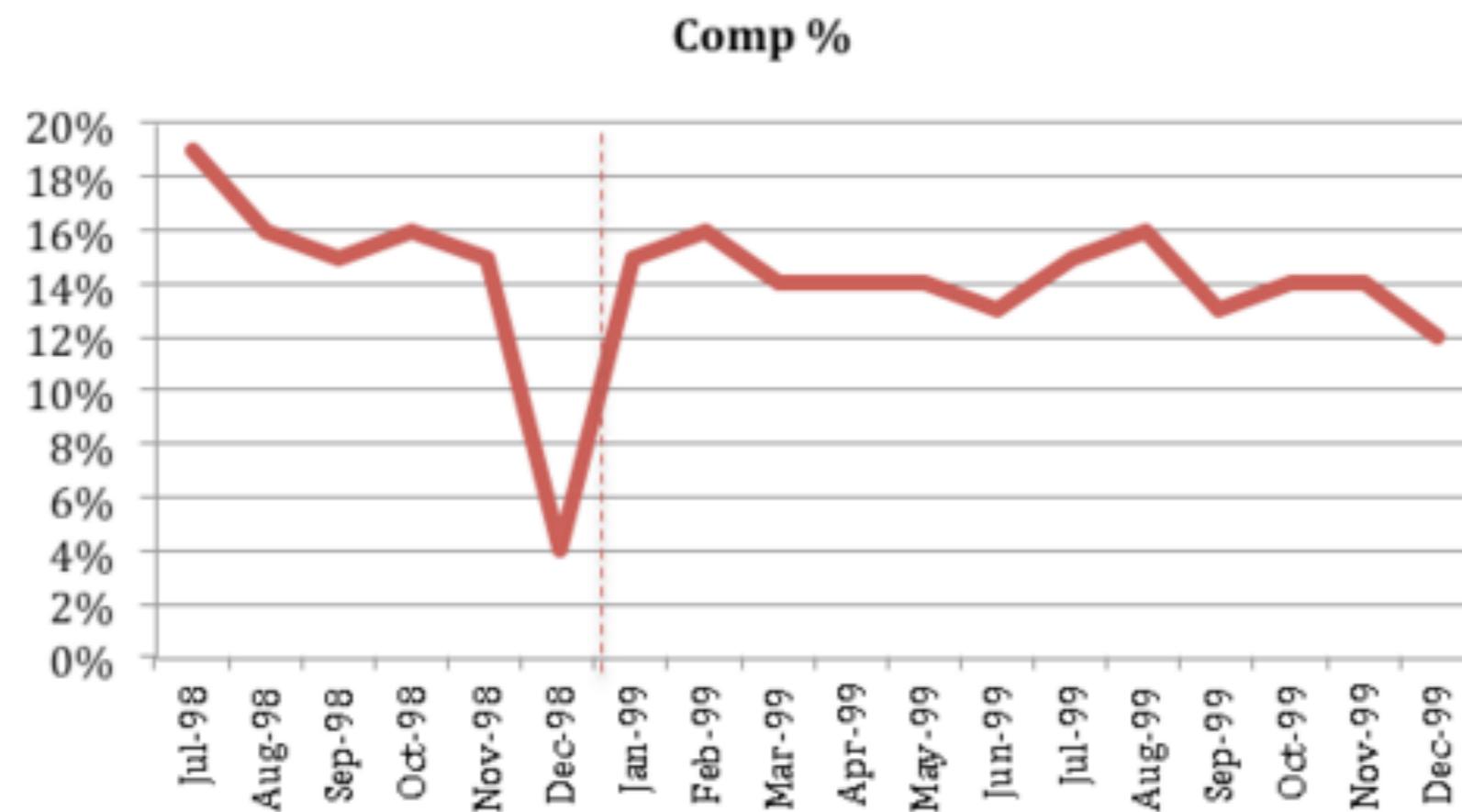
New Business Program

Loyalty Program
(Frequency
Upside)

Retention Program

The Total Rewards Program

Result:



- The composition rate of customer who used mark offer went back the previous in January 1999, and kept flat in the following months.
- This shows that sending different offers to different segments really worked.
- Thus, the retention program worked.
- Suggestion: If the company wanted a better revenue, they should also focus on offering different offers based on different time of a year and decreasing cost.

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

The Total Rewards Program

Database Marketing Programs

New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

Objective: consolidate plays and improve loyalty.

How It Works:

- Provides a Rewards Menu that translates rewards credits to various offerings.
- Added two additional tier levels - Total Gold and Total Platinum.
- Changed common cards to colored plastic cards

| Customer | | | | | | | | | | | |
|----------|-------|-----|---------|-------|-------|---------|-----------|-----|---------|--|--|
| IDs | Q3 | Q4 | 1998 | Q3 | Q4 | 1999 | Attrition | New | Change | | |
| 1 | \$300 | 0 | \$300 | \$900 | \$200 | \$1,100 | 0 | 0 | \$800 | | |
| 2 | 0 | 0 | \$0 | 80 | 0 | \$80 | 0 | 1 | \$80 | | |
| 3 | 0 | 60 | \$60 | 0 | 50 | \$50 | 0 | 0 | \$50 | | |
| 4 | 0 | 0 | \$0 | 80 | 0 | \$80 | 0 | 1 | \$80 | | |
| 5 | 40 | 60 | \$100 | 0 | 0 | \$0 | 1 | 0 | (\$40) | | |
| 6 | 120 | 220 | \$340 | 80 | 0 | \$80 | 0 | 0 | (\$40) | | |
| 7 | 0 | 0 | \$0 | 50 | 70 | \$120 | 0 | 0 | \$120 | | |
| 8 | 0 | 0 | \$0 | 80 | 80 | \$160 | 0 | 0 | \$160 | | |
| 9 | 2,000 | 500 | \$2,500 | 1,500 | 4,000 | \$5,500 | 0 | 0 | \$3,500 | | |
| 10 | 0 | 0 | \$0 | 20 | 50 | \$70 | 0 | 0 | \$70 | | |

- Total reward program was released in July 1999.
- Eliminate the results of Q1 and Q2 in 1998 and 1999.
- Calculate the change between Q3&Q4 in 1998 and Q3&Q4 in 1999.

Database Marketing Programs

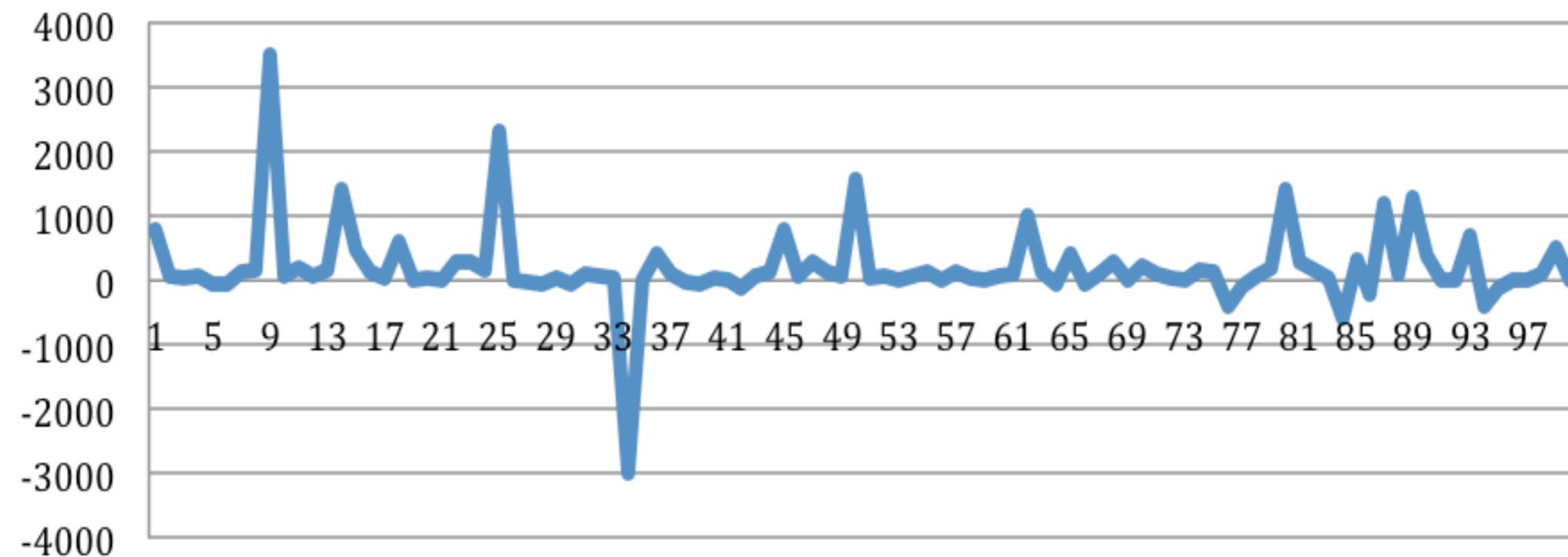
New Business Program

Loyalty Program

Retention Program

The Total Rewards Program

Difference of Q3 and Q4 between 98 and 99



- Helped Harrah's increase its market share from 7.1% in 1998 to 9.7% in 1999.
- A value in the line chart is positive, it means that this customer has more theo win value in 1999 rather than in 1998.
- Most sample customers have positive values, and a few of them have negative values.
- The sample that just has 100 customers of this test is a little small.

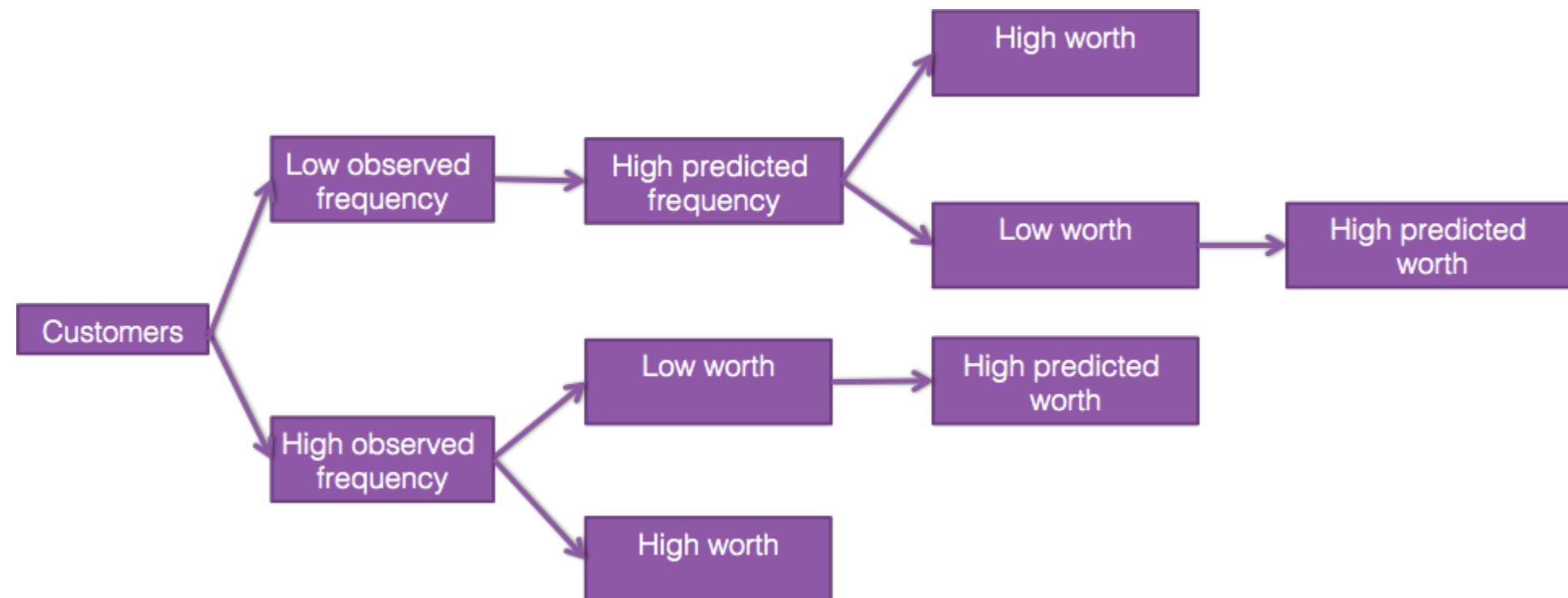
2. Why is it important to use the “customer worth” in the DBM efforts rather than the observed level of play?

More Accurate: target/strategy

- Accuracy : to use “customer worth” in DBM rather than to use observed level.
 - The quantitative models can accurately predict “customer real worth”;
 - Now: The house expects to win over a long term-CLV;
 - Past: Observed play-Short term value;
 - Enable the company build relationships with customers based on their future worth, rather than on their past behavior.

More opportunity

- Quantitative model: a more accurate segmentation.
- Using the information for each customer, Harrah's is able to predict potential customer playing behavior.
 - Customers are first segmented by observed frequency;
 - Low observed frequency, customers are further segmented by predicted frequency;
 - High-observed frequency group are segmented based on their existing worth;
 - In the sub-segmented groups, customers are further analyzed by their predicted worth if they do not show a high observed frequency or high worth.



Decreased costs: marketing experiment

- “Marketing experiments”
 - Right marketing instrument
 - Right behavior modification
 - Right customer
- Direct marketing

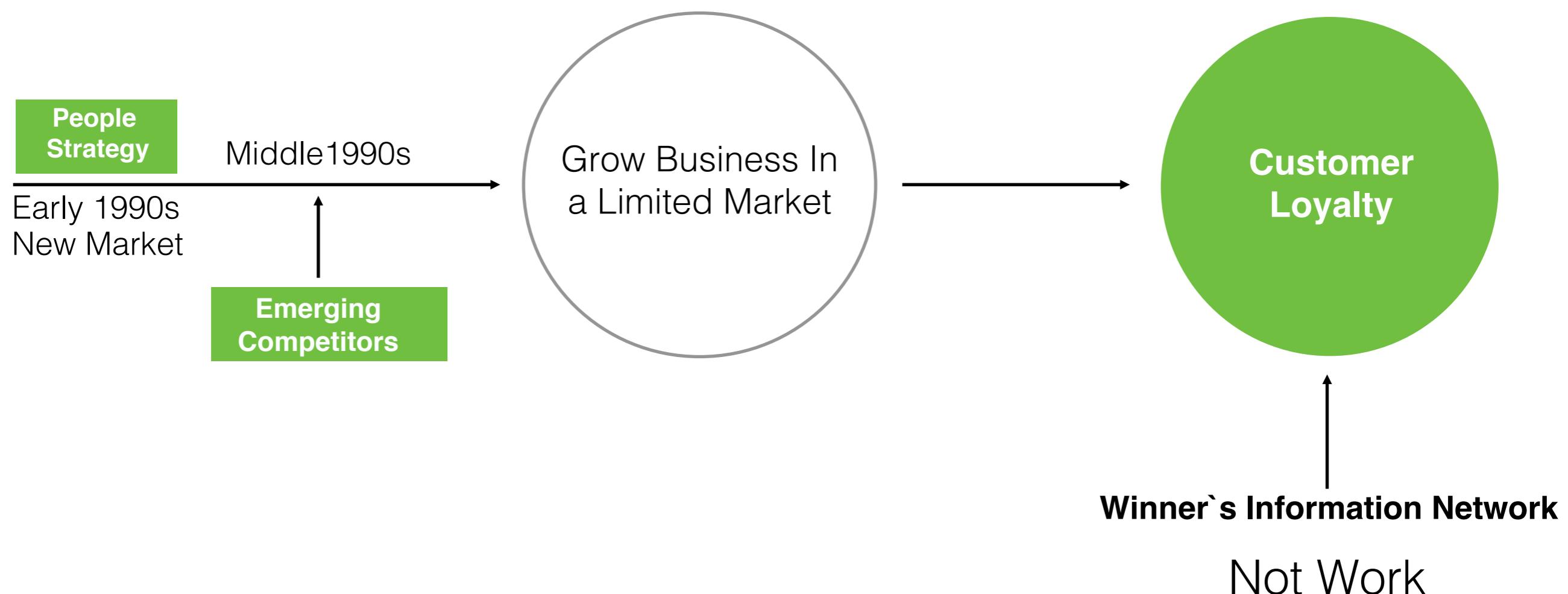
Increase customer value

- To Harrah's, customer lifetime value is measurable
 - Direct marketing
 - Database system
- Increase customer value by increasing revenue and by decreasing cost
 - Increase Revenue:
 - Increasing visiting frequency and customers budgets;
 - Changing customers to loyalty customers;
 - reactivating previous customers
 - Decrease cost:
 - Sending accurate promotions to different segments;
 - All of these programs are based on one thing——have a clear customer segment, and this need a clear definition of customer worth.

New Business Program

3. How does Harrah's integrate the various elements of its marketing strategy to deliver more than the results of Database Marketing?

Customer Loyalty is the Core Competency



An Integrated Solution



Build a Centralized Database



Centralized Management

Brand Differentiation

Distinguished Service

Relationship Marketing

Database Marketing

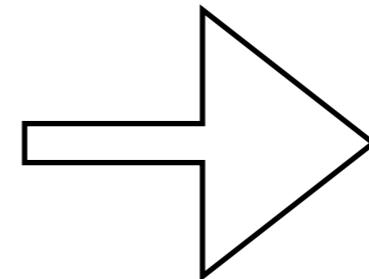


**Recruit a COO who have
an insight based on a solid
understanding of data**

The Total Gold Program

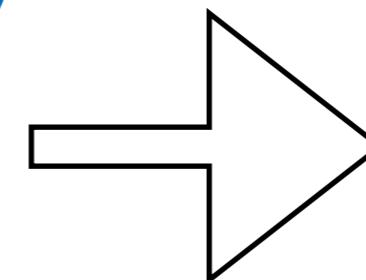
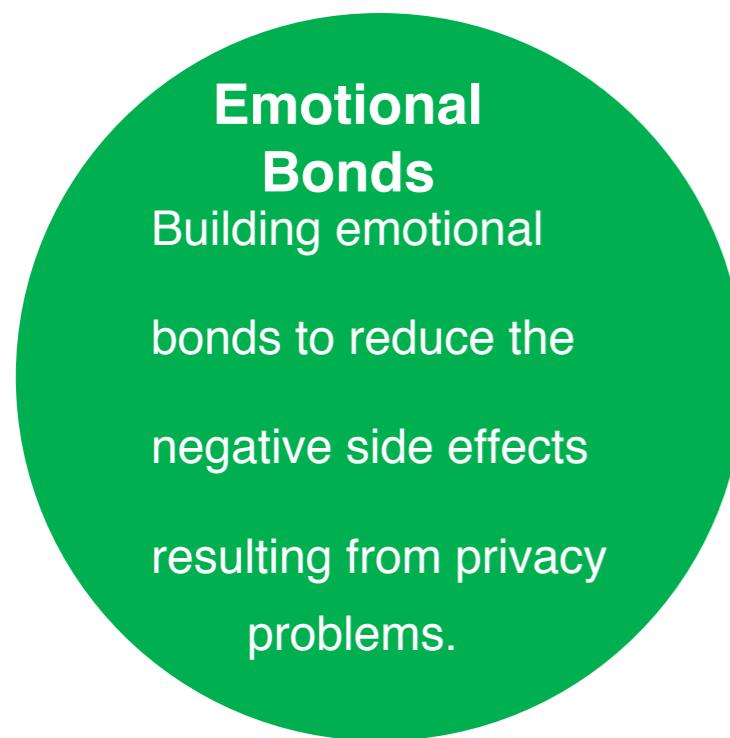
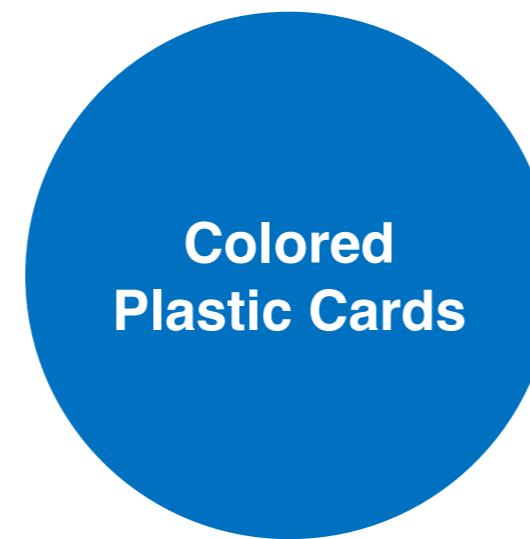
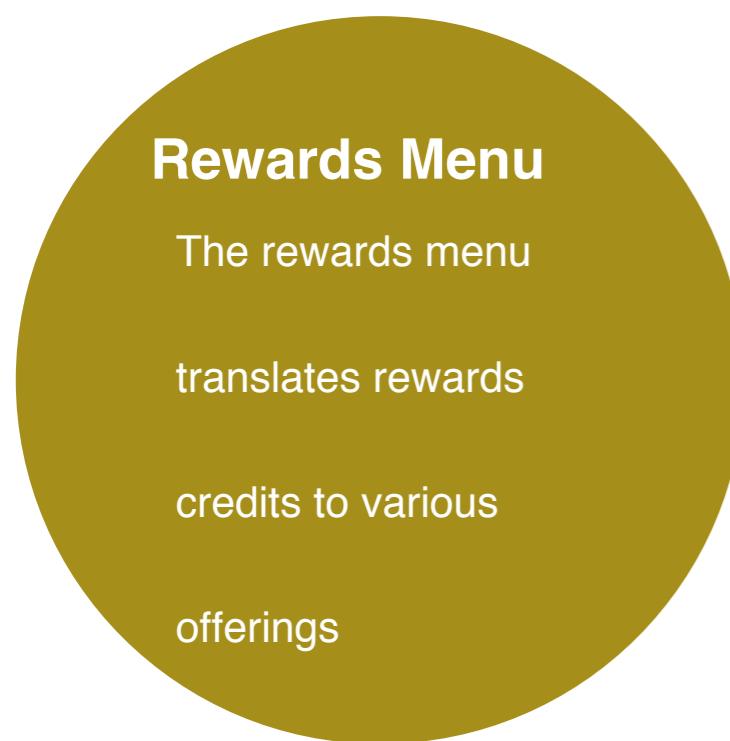
Integrated Information System

Built a completely integrated information technology network which linked all the properties together and was able to share information in real time across various properties.



Cross market revenues increased by 10% from 1997 to 2000

The Total Rewards Program



Total Rewards Program to create real loyalty by creating reward menu that translates credits to various complimentary offerings and creating tier levels.

Other Marketing Strategies

Centralized Management

Division presidents and
subordinates report
to COO

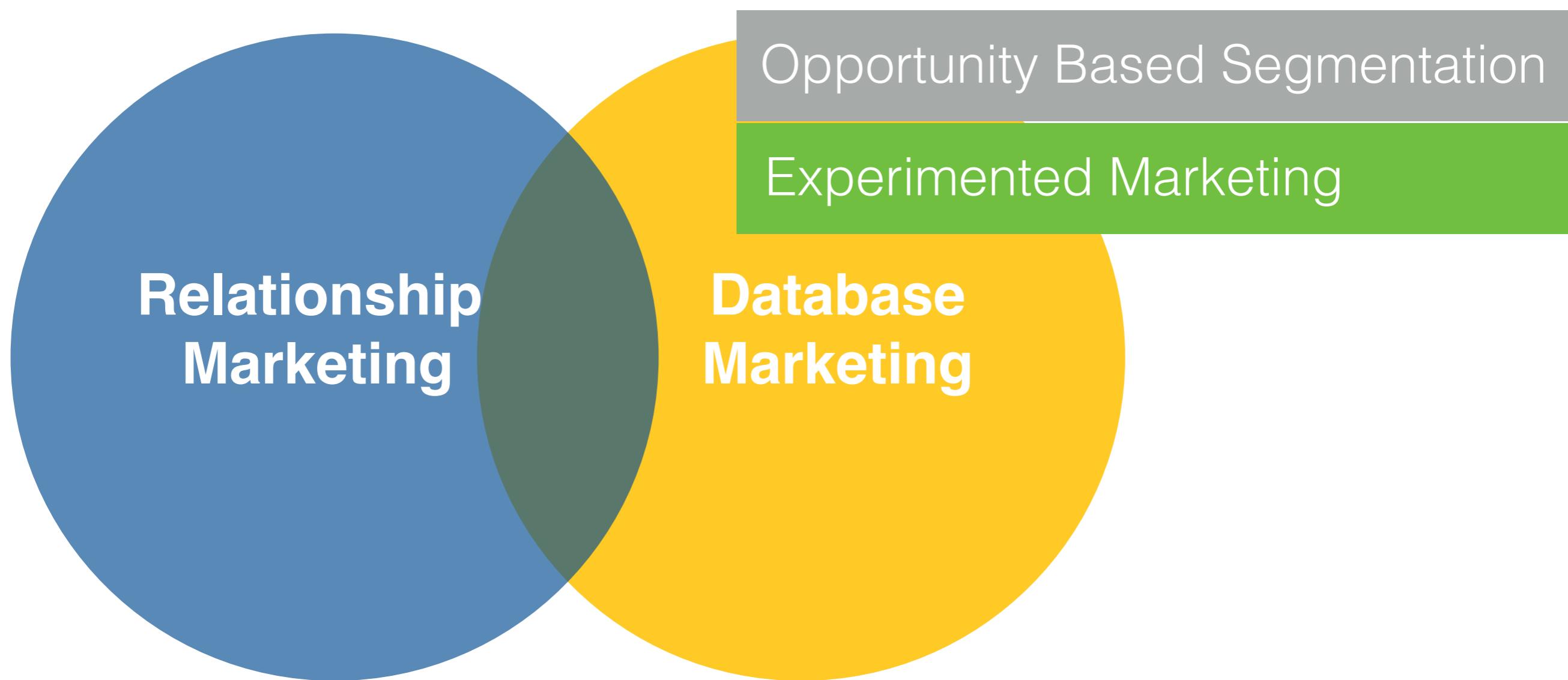
Integrated Information System

Creating key
differentiator based on
marketing research.
Conveying the message
of “Exuberantly alive” to
customers by heavy
advertisement
investment

Integrated Information System

Providing more than
good service, which is
distinguished service by
a variety of interventions
at the employee level:
service process
designing, reward and
recognition,
measurement of
executives.

Implementing Marketing Tools

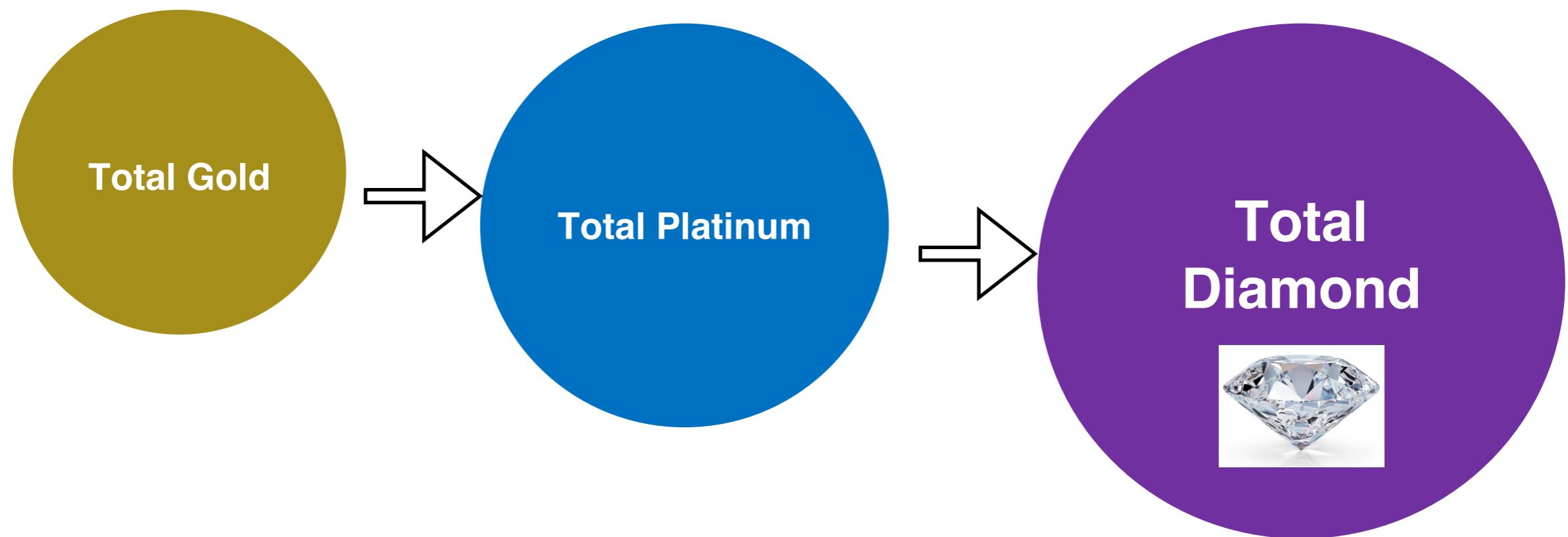


New Business Program

4. What is the sustainability of Harrah's actions and strategy?

“credit” from Total Gold program

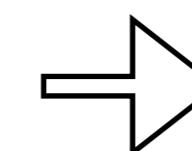
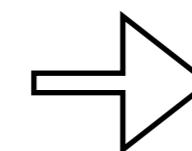
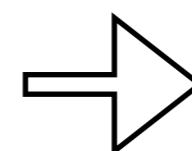
can prevent customers from changing to competitors



Encourage customers to become loyal

“credit” from Total Gold program

can prevent customers from changing to competitors



creating meaningful brand differentiation

- Best service in this industry
- Focus on gambling
- “Thank You” e-mail



core technology of Harrah's database as well as their operating function was patented so as to bar Harrah's competitors to copy



New Business Program

5. What are the privacy and ethical issues that Harrah's should be concerned about?

- ***Moral Dilemma In the Gaming Industry***
- ***Marketing dilemma & regulation in gambling industry***

Gambling Advertising Regulations

- ***The Safety of Customer Data***

- *Young people protection*



- ***Gambling Does not Add Value To the World***
- ***The Dog Eat Dog Profit Mode***

