

Week 6: Harrah's - Gambling Big on Technology

Read the Harrah's case on page 207 and watch the video at <http://www.cognos.com/company/success/harrahs.html> (click on Watch the Video at high speed or low speed depending on your Internet connection. Answer the following questions:

- 1) Why does information quality matter to a business such as Harrah's?
- 2) What could a security breach do to Harrah's business?
- 3) Identify a type of data mart Harrah's might want to build to help it analyze its operational performance.
- 4) How could Harrah's use cluster analysis, association detection, or statistical analysis to gain insights into its business?

Loyalty program

Detailed information from slot machines

Multiple properties

Total awards program, benefits CRM

Three years of same-store sales growth 14%

Cross market visitation

250 million dollar increase

As a casino's profits are dependent on "playing the numbers" and always coming out ahead on every game, having accurate information is crucial to Harrah's business. Inaccurate information could lead to poor decision making and profit loss on the casino floor. I don't think Harrah's needs to focus quite as much on the completeness of their data. With a customer base as large as theirs, so long as they get a sampling of the majority of their customers, they have enough statistical information to make their decisions. Where information completeness comes into play is in their Customer Rewards Program, where customers expect to be rewarded for spending money at a Harrah's-owned establishment.

The information obtained from Harrah's data focuses on improving customer loyalty and reducing their buying power. A security breach would be detrimental to customer confidence in the business, as well as potentially open their data to competitors, who could use it to understand Harrah's strengths and weaknesses and strategize against them.

The representatives in the video mention "detailed information from slot machines." There are many different styles of slot machine, and it sounds like Harrah's has the ability to track what machines individual customers are using and for how long. A data mart providing a cube referencing the customer, type of slot machine, and how much money was spent at it would allow Harrah's to profile customer types and determine how to market specific slot machines.

Harrah's would want to use cluster analysis to classify their different customer types; find customers with similar spending behavioral patterns and generalize them into categories.

Using these clusters of customer types, Harrah's could then map types of customers to types of slot machines or other gambling tables using association detection.