Communications of the IIMA

2009

Casino CRM: Issues and Some Implementation

Chang-tseh Hsieh
University of Southern Mississippi

Follow this and additional works at: http://scholarworks.lib.csusb.edu/ciima

Recommended Citation

CASINO CRM: ISSUES AND SOME IMPLEMENTATION

Chang-tseh Hsieh
University of Southern Mississippi
USA
Chang-tseh.Hsieh@usm.edu

ABSTRACT

Customer Relationship Management (CRM) software allows companies to manage their contact with their customers. It is critical for every industry to have a wealth of information about each customer's preferences.   CRM allows companies to integrate customer information with marketing promotions that results in higher profitability for the company. For the gaming industry, CRM software has allowed them to manage their customers' preferences, track their expenditures, and provide them with offers and services that generate value for each customer. However, technology must be supplemented by a customer-centric organizational policy to fully realize the benefits of CRM.

INTRODUCTION

Gambling is as old as time. Whether one is gambling with their life or gambling with their dollar, it is inherent in a person's nature to take a risk. Casinos capitalize on that natural instinct with glitzy décor, buzzing and dinging slot machines, and table games that combine to create an illusion of being transferred into another place and an experience like no other. Over the course of the past few decades, more and more casinos have been built and Internet gambling sites have begun to strip away even more of the revenues from brick-and-mortar casinos. It is critical for each property to implement an effective strategy to keep and retain their customers to remain profitable.

It has been shown that satisfied customers are more prone to establish loyalty, and therefore repeat purchases and promote with positive word of mouth (Sim et al., 2006). Crucial to achieving customer satisfaction is providing value to customers. CRM software, specific to the casino industry, allows casinos to track each of their customer's moves and identify which customers are most valuable to the property, which then allows casinos to target specific promotions and offer rewards to different customers based on their preferences. Having a deep understanding of their customers creates value, which can translate into customer loyalty, retention, and higher profits.

Unfortunately, the failure rate of CRM implementation in casino industry has been lingered around 70 percent (Kale, 2005). Much of the problem with implementation lies with failing to undergo a change of the organization's core vision to a customer-centric policy. The entire organization must fully commit to the change and understand their role in achieving customer satisfaction, retention, and loyalty. After all, "Technology and technology-driven change has virtually nothing to do with igniting a transformation from good to great. Technology can *accelerate* a transformation, but technology cannot *cause* a transformation" (Kale, 2005). For

the casino industry, it is imperative to have proper procedures for effective implementation of CRM.

Review of background information about CRM in general, and those related to casino industry in particular will be discussed first. Issues related to current status of implementing CRM in casino industry will then be explored. Managerial implications of the key issues identified will be presented followed by some suggestions for improving the effectiveness of implementing the CRM systems. Major findings of this study and some directions for future research will conclude this paper.

BACKGROUND INFORMATION

CRM is a holistic process of retaining customers by attracting and differentiating them. CRM software supports these processes by storing and retrieving relevant customer data (Kale, 2003). CRM software networks different departments within a company allowing each to input data about customers that may be viewed by all departments. For instance, if a customer calls a casino's call center to book a hotel room, the customer service representative can look at that customer's past bookings and specific details about the customer's visit to that property, or to any other property owned by the company that were recorded by other sales/service representatives. Knowledge of the customer gives the customer a sense that they are valued by the company, and not just another dollar to add to the company's revenue.

CRM is more than a process, which can be viewed as a technologically aided version of old-fashioned marketing. CRM allow corporations to integrate organizational focus on communication with and the behavior of the customer. By utilizing the data mined about customer preferences and behaviors to design processes to enhance effectiveness and efficiency, it allows companies to earn higher returns. Companies that use CRM would commit to improve customer satisfaction while concurrently increasing stakeholders' value with consistent positive experiences. For CRM to be effective and achieve its goals, its central focus must be the customer. A customer oriented marketing approach implies that a relationship must be formed with each customer and they should be treated differently. Treating each customer differently means treating each customer as an individual. Data stored about the customer allows the company to do just that, and is aided with CRM software.

CRM networks various departments and levels of an organization and manifests in different forms: operational CRM, Sales Force Automation, analytical CRM, sales intelligence CRM, campaign management, collaborative CRM, and geographic CRM (Gartner Group, 2001). Operational CRM holds the information used by sales, service, etc. (the front office). Sales Force Automation allows sales representatives to schedule calls/mailings, generate reports, and track customer responses. Data mining is used extensively by analytical CRM. Cross/up/switch-selling opportunities, sales performance, trends, margins, and customer drift are monitored with sales intelligence CRM. Campaign management tracks statistics and other information relevant to a campaign. Collaborative CRM involves combining various departments such as sales, tech support, and/or marketing to discuss customer solutions. Finally, geographic CRM utilizes geographic information systems and CRM to define the market of a specific geographic region. As one can see, each area of a company can benefit from the implementation of CRM.

CRM IN THE CASINO INDUSTRY: THE CASE AT HARRAH'S

Casinos were some of the first to understand the value of maintaining detailed customer information and to use the information to develop and manage customer relationships. With a market of increased options and capricious consumers, casinos are incorporating CRM as a necessary method of survival (Kale, 2005). Harrah's Entertainment, Inc. is the pinnacle of a CRM success story. Their CRM data warehouse tracks over twenty million guests at any of its casinos, hotels, entertainment locations, or restaurants. The network has allowed Harrah's to generate more than 20 percent growth since implementing CRM because they can analyze, predict visits, design reward programs, and steer marketing campaigns for their customers (Kale, 2003). The stock price almost tripled within five years, which happened to be during a time when the market value of the casino industry was down as a whole by more than 25 percent. This underscores the importance of a CRM system and, more importantly, the importance of understanding one's customers. The CRM system revealed to Harrah's that the advantageous *high-rollers* were not as profitable as the retirees with disposable cash who prefer playing slots (Myron, 2008).

Gary Loveman is responsible for successfully integrating CRM into Harrah's Entertainment, Inc. He increased customer loyalty by using "database marketing and decision-science-based analytical tools to widen the gap between [Harrah's] and casino operators who base their customer incentives more on intuition than evidence," and by "delivering the great service that consumers demand" (Loveman, 2003). Utilizing the data mined and integrating it with CRM, Loveman brought Harrah's to the top of the casino world. Above all, fostering enduring relationships with customers was the ultimate goal that was achieved through CRM and customer service by treating their customers differently based on the individual's value to the corporation, which gives them a significant competitive advantage over rivals.

CRM provides companies with the ability to delight customer time and time again by highlighting beneficial information on an individual basis on the value and behavior of their customers. The central driver for implementing CRM should be to achieve the highest level of customer satisfaction. Customer satisfaction plays a key role in obtaining customer loyalty. Since it is easier, and less expensive, to retain a customer than to attract a new one it is critical for any business to keep their customers happy by providing them with positive experiences. People generally remember one negative experience more than one positive experience, making it critical for each visit to a casino to be just as enjoyable as the previous one. Loyal customers are those who repeat their visits to casino properties. According to a study on service firms, a 5 percent increase in customer retention translates into a 25 percent to 125 percent increase in profitability (Sim et al., 2006), which is reinforced by the success of Harrah's Entertainment, Inc.

While achieving customer satisfaction is paramount, there are other significant objectives that casinos should strive toward achieving with the implementation of CRM. Casinos should meet one or more of the following objectives:

Customization of Customer Service

Mr. Bling-Bling is a famous music celebrity who likes to gamble at the Big Ballers Casino in Vegas. One of his requirements while he is staying at the casino is he always has to have a bottle of Cristal no matter where he is at. Given Mr. Bling-Bling's high roller status, the CRM system used at Big Ballers casino should be able to provide limo services, room service, and the food and beverage department with information on his favorite drink. This small piece of customization will go a long way to help Mr. Bling-Bling feel valued at Big Ballers Casino.

Coding Customers

Consider a scenario with two different customers at a typical casino. One is a wealthy businessman from China. We'll call him Mr. Lee. Mr. Lee plays Baccarat and Pai-Gow Tile. He visits the casino about four times a year. He usually bets about $5000 a hand. His credit line with the casino is $1,000,000. Then you have Anna Mae Johnson. She comes with a bus junket from Pensacola, Florida. She loves playing Nickel slots. If the casino has Penny slots, she will play those too. She usually frequents the casino about twelve times a year. Her average budget is about $75-$100 a trip.   Both Mr. Lee and Ms. Johnson are important customers.   As individuals though, each person should be treated differently. Basically, Mr. Lee can move a company's balance sheet up or down in one visit. Ms. Johnson is important in the fact she is part of the casino's largest market segment. An efficient CRM system can classify these two individuals into the proper segments and gear offerings accordingly.

Routing Customers

This concept coincides with the coding customers concept. Both Mr. Lee and Ms. Johnson call into the casino at the same time to make show booking for the same event, and there are not enough reps to handle both calls, the call center should tend to Mr. Lee first while politely putting Ms. Johnson on hold.   An efficient CRM system provides appropriate customer information, and in turn, callers are routed based on their importance to the organization.

Targeting Customers

Certain promotions are offered to certain customers based on their worth to the casino. Mr. Lee would normally be offered all room, food and beverage comped by the casino. He would be put up in the best suite in the hotel. Ms. Johnson on the other hand would be given some free buffet passes and some free play on her player's card. These marketing efforts are tailored specifically from information CRM can derive about each player. Targeting various customers with the *right* promotional offers is a critical function of CRM.

Sharing Customer Information

CRM not only is effective for Casino Marketing purpose but also effective for all other departments that touch the customer. For example, if a customer walks into a buffet and swipes his card for his complimentary meal, the personnel has all of the information about their customer right at their fingertips. They should not have to ask the customer's name or what

room they are staying in. This helps make the customer feel more valued. Sharing customer information is also very useful when it comes to cross-selling between properties. If you have a customer that frequents a certain casino, and they want to visit a "sister" property in another state, a CRM system can provide all the information about the customer to the other casino. So when that customer arrives at the other casino, the staff can welcome the customer and provide to that customer's need. This technique is similar to retail practice known as same store sales, which is covered later in this paper.

Improving Cost Management

The problem with players' card systems is that they could not differentiate between a player who frequented a casino once every two years and a player who frequented once a month. So casino companies would send promotional offerings to the customer that rarely visited just as much as they would send promotional offerings to the regular customer. An effective CRM system can mine and sort data according to who will use the promotions. CRM can help cut down on wasting marketing dollars. CRM also would increase loyalty to the customers that actually used the promotions on a regular basis.

Increasing Profitability

Research conducted by the Gartner Group (2001) suggest a positive correlation between a company's CRM maturity and it profitability. There are two ways to justify an investment in CRM- through increased revenues and through reduced costs. A good CRM solution should ideally enhance the bottom line in both these ways. Effective CRM improves productivity levels, workplace environments, and customer retention, thus increasing (Rembrandt, 2002). High customer retention means savings in acquisition costs for replacing customers who would otherwise be lost to competitors.

Appropriate segmentation, precise targeting, and thorough understanding of customer lifetime value achieve high levels of customer retention. Effective CRM also results in the savings in the cost of servicing customers. A good CRM system will accomplish these results without compromising customer service. It will inform casino operators that they should invest in the likes of customers we have already met, such as Mr. Lee, Ms. Johnson, and Mr. Bling-Bling. It will also guide direct mail campaigns such that only relevant materials and invitations are sent to these individuals, thereby minimizing the unnecessary wastage in direct mail campaigns and other similar programs.

Most of these objectives are self-explanatory. However, coding (grading) refers to ranking customers in order of importance to the casino based on number of times visited and the value (amount of money they spend with the casino) of the customer. Those who are more valuable take precedence over those who are less valuable to the organization. The more objectives that are achieved, the higher level of satisfaction that the customer will experience. More objectives can be achieved by effectively utilizing CRM software as support for CRM. To understand how CRM technology works in casino industry, it would be necessary to study the system implemented at Harrah's, which is considered the pioneering system in this industry.

THE CASE OF CRM IMPLEMENTATION AT THE HARRAH'S

In the casino industry, Harrah's is recognized as having the most loyal customers. The customer loyalty resulted into operations of 40 casinos in three countries. Two methods are implemented in order to sustain competitive advantage in the industry, strong data mining and predictive analytical tools. With the use of both tools, the result is being able to discover that "26% of the gamblers who visited Harrah's generated 82% of the revenues" (Loveman, 2003). The ability to derive quantitative models from analytical tools allowed the forecasting of a player's customer worth over the long run. With this in mind, the concept of rewarding players with their ways in spending created the Harrah's Total Rewards program. Marketing strategies and special promotion events tailored offers by segregating players into "worth" groups.

The concept of the Total Rewards program was a success; customers were fond of the benefits and it was quickly recognized. As a result, a customer's expense has increased 9% following the loyalty program for the past few years. The program also allows management to specifically customize marketing segments and combine all their activities from all the properties (Lundquist, 2005).

Harrah's Total Rewards system is composed of the Teradata data warehouse, Cognos business intelligence software, and SAS modeling software. The system is built to communicate across all Harrah's properties. Loveman stressed the importance of having a system that must consistently grow as the company grows (Lundquist, 2005). Having the ability to obtain real-time data in all of the locations and concentration on growth certainly proves the strong emphasis of Harrah's into business intelligence tools that results into their continuous success. There are several key tools in use as presented below.

Data Warehouse – Teradata

Similar to its competitors, Harrah's examined and analyzed customer relationships for each of their properties individually. Management then realized the importance of analyzing data across all properties will yield into higher revenues. Harrah's challenge was integrating all customer information across all the properties in real-time. The strategy comprised of an infrastructure of Teradata and Cognos, which support the data warehouse containing detailed customer data is available for 90 days, monthly information for 24 months, and yearly information back to 1994. With these tools, analytical reports are produced quickly and can be modified for further research. These tools are essential to P&A productivity. Other tools that are essential to the P&A team are Microsoft Office products. Excel is often use as a platform to build from simple models to highly complex and automated forecasting models.

With the transition, key benefit areas such as database marketing, call centers, financial, analytics, and market research are able to create queries to obtain customer data on an as needed basis. It was clearly recognized that profit margin increased on revenues as well. In addition, these tools were a productive addition for the database management team. It enabled them to spend more time analyzing the data and effectively segmenting the customer base. The ease of data collection and data analysis is a vital part of a successful database management team. It is

imperative to focus on analysis rather than manual processes to achieve desired marketing campaign results to understand customer preferences.

Forecasting Tools – Cognos

Cognos is a critical part of the Total Rewards card program. It enables tracking of each individual player's gaming activity across all Harrah's properties. The key information in the database is: gender, age, location, and what you play are the four key pieces of information in the database. Cognos discover trends in the data and assists in forecasting gaming preferences of customers.

Cogno's querying tool, *Impromptu* allows decision makers at Harrah's to retrieve data stored in its data warehouse centers located in Memphis and Atlantic City. By having two separate locations, it helps reducing environment threats and also helps reduce business disruptions during upgrades or downtime. It also reduces lag time by having options to choose which center you want to collect data given your location/ time zone.

By having the ability to quickly accessing data, assemble it into usable reports it empowers the decision makers to spend more time analyzing the results. This allows them to provide key summaries reports that are to the point and are not cumbersome for management to understand. It has help management making inform decisions quickly with reliable information.

Challenges

As any other technology, predictive analytics faces a number of challenges as well. First, accuracy simply depends on the complexity of the data being evaluated. In addition, the number of factors and variables must be considered carefully to achieve desired information. Tom Wicinski, a FedEx director states that he "will happily take the 65% to 90% accuracy rate his package-shipping company's predictive analysis provides" (Whiting, 2006).

Garbage in garbage out is a problem in all analytical works. The initial step of collecting data is simply the most important steps of the analytical process. Harrah's continuously improve their data collecting processes by utilizing technologies and also through associates training. The data must pass through quality checks by specialized "intelligent" programs that have parameters set by management. If the data do not passed quality checks, an exceptions report is generated and a live associate must identify the errors and determine the proper course of actions before the data go into the data warehouse.

Forecasting

The continuous development of predictive and analytical tools will continue to increase. Businesses will continue to demand customized advanced tools. It will then depend on people to launch technology responsibly (Whiting, 2006). Day to day operations is not heavily dependent on forecasting; however, forecasting tools are heavily used in strategic planning process. Some of the recent strategic planning process I have been involved in includes budget planning for our fiscal 2008 and build revenue and labor models for Harrah's Margaritaville project scheduled in

2010. Analyzing historical data, current market conditions and expected future conditions have help in the forecasting process. Also, by utilizing tools such as SAS software or Excel capabilities provide a higher level of analysis and reduce chances for errors. SPSS also used in marketing to study guests' behaviors. These are essential in Harrah's direct mail tests and controls.

Currently, visitors can gamble, eat, drink and shop at any Harrah's property and have the charges forwarded to their main hotel. And customer service personnel have a multitude of information to help them be more proactive in keeping their customers happy. For example, a pit boss at Bally could see that a card playing customer was registered at the Paris and that his favorite restaurant is one at the Rio. The casino host might then give the customer a complimentary dinner at that restaurant. Similarly, the VIP concierge at the Beau Rivage in Biloxi, Mississippi might analyze the customer's history and line up some complimentary show tickets to his favorite show at Ceasear in Las Vegas. These types of instances are called "cross-selling" between properties (Nalewak, 2004), and can bring them a higher level of visibility and understanding of their customer base. This can't be done without technology.

Foreshadowing what's to come in CRM, some casinos plan to add wireless technology and advanced storage-area networks (SAN) to the mix. Harrah's wants to become "totally device independent" by letting users access the company's extensive databases via PCs, handheld computers, even cell phones (Nash, 2001).

TECHNOLOGY VERSUS TRADITIONAL

For decades, casinos went with the thought, "if you build it, they will come" attitude. Now companies are looking at ways to improve customer loyalty at reduced costs. Usually those two don't work hand in hand. With CRM, companies are leaning towards technology in order to grow and maintain market share. Harrah's has been at the forefront with the utilization of technology and CRM in particular.

While other casinos on Las Vegas' famous strip are luring customers with extravagant rooms and entertainment, Harrah's is placing its bet on CRM technologies that allow it to track and analyze the behaviors and preferences of its customers as they rove the casino floor in search of a hot slot machine—or even as they travel one from one the company's 23 clubs to another. So far the initiative has paid off like a loose slot machine in the form of increased gaming revenues and customer loyalty (Chen, 2001).

Like many other casino operators, Harrah's has for several years been collecting information about customers' gaming preferences by using a frequent gambler program called Total Rewards. Customers receive encoded ID cards they can insert into the slot machines they're playing. Players collect points and rewards for gambling, and Harrah's collects information about gamers' preferences (Chen, 2001).

Total Rewards was started in 1997. It was designed to provide regular customers with incentives to visit Harrah's properties throughout the country. Of course like most players' card systems, Total Rewards could not differentiate itself from its competitor's efforts as well. Also,

customers earned different rewards at different properties within Harrah's. Lastly, customers were not given any incentives to consolidate their gaming with Harrah's. This is where CRM technology and philosophy come into play. Harrah's built quite the database of customer information, transactional data points about customers, and gambling spending and preferences. Harrah's focused on a loyalty strategy basis on same-store sales growth. Same-store-sales is a retail loyalty strategy. The goal is to get the customer to visit your store regularly, just as he might visit the barber or mechanic (Loveman, 2003).

When companies do formal calculations, they often find the 80-20 rule applies – the top 20% of their customers account for 80% of their revenue. In some companies, it is 90-10 (Ulfelder, 2003a). Harrah's discovered that 26% of gamblers who visited generated 82% of their revenues (Loveman, 2003). Amazingly the majority of their customers were regular everyday people, not the multi millionaire jet setting customer most companies fawn over. So Harrah's set out to maintain those customers. They saw the importance of customer lifetime value. So now the Total Rewards program has grown into a three tiered program. The program breaks customers into different groups based on their theoretical worth to Harrah's. With this marketing approach, the higher the tier the customer, the more perks and benefits you get. Customers aspire to get the next tier. This in turn makes the customer want to spend more of their gaming budget at Harrah's. CRM allows Harrah's to slice and dice information in their database to tailor their marketing efforts towards their customers.

Many do not welcome change. In fact, many would empathize with Albert Einstein's belief that *technological change is like an axe in the hands of a pathological criminal*. However, since this is the digital age, technological change may not be welcomed, but it must be anticipated. Management at all levels, but beginning from the top, must continue to learn. Part of the learning process is to adapt to the evolving environment to remain competitive with the industry. The major modification that must occur for CRM to reach its full potential within a casino's organization is a restructuring of the core beliefs to become customer-centric.

Change must be managed and involves five methods to counteract resistance to the change: (1) internally sell the change; (2) adjust the infrastructure to include change management; (3) train employees on how to use CRMCRM; (4) redo the organizational structure and have it include a performance assessment matrix; (5) and, redesign the incentive system (Kale, 2005). Change management combines the engineer's approach to improving business and handling the human side of it with a psychologist's approach. An extensive internal marketing strategy must be taken on by top management to sell the CRM initiative. The strategy should outline all of the changes the employee will face (with their work, expectations, and what success or failure of the CRM could do for them). Empowerment is also a key ingredient of selling internally because it is the employee who will be using the system. Loyalty, dedication, and enthusiasm of the entire workforce combine to generate the energy required to actually be customer-centric (Kale, 2005).

The infrastructure will identify the individuals necessary to champion the change and will define their roles in the process (Smith & Mourier, 1999). Roles include the change agent, team leader, content experts, steering team, and project managers. Effective training in the use of the CRM must occur so that employees learn to change their mind frame to one of customer-centric beliefs. Organizational structure should reconfigure to suit the vision of the organization and to

remove communication barriers between divisions of the casino. Performance Assessment reflects horizontal coordination of different units involved with CRM. Horizontal coordination has a direct and positive effect on project performance (Nidumolu, 1995). When horizontal communication occurs between the heads of departments, it removes the barriers of communication and facilitates the ultimate goal—achieving customer-centrism.

Another component essential to the successful implementation of CRM is redesigning the incentive systems. Specific metrics must be outlined to assess employee performance and correlate that with the CRM system. Harrah's, for example, measures all of their employees' performance on speed and friendliness, which translated into bonuses for employees based on the positive experiences of guests (Loveman, 2003). For an employee to receive a bonus customer must give an exceptional customer satisfaction report, and employee areas were compared with others to assess different department's ability to provide customer satisfaction (Kale, 2005).

This in essence, made it a competition among departments to provide a higher level of customer satisfaction. While not all people are competitive in nature, it is an innate human characteristic to fight when pushed in a corner, meaning that it will only be natural for departments to work harder to achieve their goals (and receive their bonuses). However, management is responsible for maintaining a cooperative, peaceful, enjoyable work environment in spite of the underlying competition. Vital to the success of CRM is identifying behaviors and the associated outputs and join the important performance indicators of behaviors and outputs with noteworthy incentives (Kale, 2005).

MANAGEMENT IMPLICATIONS

Customer loyalty programs, such as Harrah's Total Gold Rewards program, often facilitate CRM in casinos. The Total Gold Rewards program, modeled after the frequent-flier programs of airlines, gives guests rewards and bonuses that are calculated by tracking spending through a loyalty card. The card electronically tracks a gamers' behaviors and preferences, which are recorded into a database. Every touch point that a customer meets within the company is recorded, providing the casino valuable, detailed, descriptive information about each individual. Loyalty programs enhance a customer's experience, but true loyalty comes from a strong emotional connection with the product/service and the client (Business Week, 2002).

For CRM programs to be successful there must be a thorough understanding of the vision/orientation of the company's strategy. CRM is based on the premise that achieving customer satisfaction, while turning a profit, is of the utmost importance. Therefore, the organization must have a customer-centric philosophy guiding everyday transactions to experience the full benefit of CRM. If the casino does not currently have a customer orientation, then the mindset must change. Rich Mirman of Harrah's Entertainment, Las Vegas touts their strategy of being a marketing company instead of a operations company like so many casinos and businesses (Beirne, 2002). This marketing approach indicates that the company has a holistic view coupling valuable customers and their demands within the vision of the corporation. Harrah's pioneered the customer loyalty programs for casinos, which have since spilled onto other industries, and created a competitive advantage that could not be matched by truly knowing their customers.

After changing the mindset and getting the organization on board with the changes brought about by CRM, determining who the valuable customers are is what is most important. The concept of customer lifetime value is central to understanding who the best customers are, and then marketing promotions can be directed to fulfill their needs. Customer Lifetime Value estimates the profitability of a client over the course of their lifetime. Those companies that understand the value of their customers are 60 percent more profitable than those who do not (Kale, 2003).

Many expect that the 80/20 principle, which states that 80 percent of revenue comes from 20 percent of customers, would hold true and have implications toward understanding the value of customers. However, that is not always the case as was show by Watson and Kale (2003) where they determined that for casino gambling in Australia only 3 percent of customers generated 90 percent of table gaming revenue. Therefore, management must have a thorough understanding of the value of each customer so marketing strategies can be focused.

CRM software is useless without successfully changing the mindset of the corporation. The heart of the success of implementing CRM is getting all employees of the casino to commit their heart and efforts to achieving the goals outlined in the vision for CRM. Once the company believes in the efficacy of CRM, then implementation can occur. The buttress of CRM is the information gathered about customers. Management must bolster the merging of internal resources with external promotion that capitalizes on customer profitability. Another key decision for management involves selecting a reliable system. Without reliability and validity, the information gathered from CRM will be useless. However, the amount of money spent on CRM systems and other information technology does not correlate with the sales growth of a company (Ulfelder, 2003b). The success of the system depends on the procedures that are undergone before beginning to place any CRM software within the casino.

Emerging technology and advancements in casino games, such as video poker, slot machines, etc. provide further areas in which casinos can hone their CRM resources more specifically to customers. Slot machines are the biggest revenue generators for casinos, representing over 70 percent of their revenues (S.R., 2006). These machines are networked to ensure they are functioning properly while also monitoring how much players with loyalty cards are spending (Goff, 1999). This networking of the machines allows the company to understand which games every customer prefers to play. Networking slot machines also allows for casinos to manage their cash more effectively by showing which areas of the floor are generating the most revenue (Hardy, 2008). New slot machine technology utilized by some casinos is allowing customer to print their rewards for shows, dinners, etc. from the machine that they are playing at that moment and/or linking their promotions to the user's social networking site or email in real time (Hardy, 2008). In these situations, CRM software would allow casinos to provide their best customers with instant rewards and without the added expense of having workers track down those high rollers, which allows employees to focus more on their task at hand. By removing this lag time, it makes the casino more efficient in providing customer service and more efficient with maintaining costs.

CONCLUSION

CRM provides imperative information about customers' behavior and preferences for casinos. Software enables them to mine vast amounts of data about each of their customers. By gaining pertinent information about gamers, it allows casinos to know them and the ways in which they may be served best. Loyalty programs, such as the Total Gold rewards program of Harrah's, help build the information stored in the customer database. This data may then be interpreted and used to define specific marketing strategies to target groups. Each piece of information gathered about the customer provides yet another piece of the puzzle about their best guests.

Implementing CRM begins with changing the core beliefs of an organization to customer-centrism. Once focus is placed on their customers, the key is communication—internally and externally. Removing barriers between departments facilitates transferring information about customers while providing each department with more information about their customers. Communicating the importance of CRM creates the platform on which CRM software stands. With a firm foundation and strong connection to the organizational vision, CRM and its software will spawn an era of knowing the best customers based on their lifetime value and foster a competitive edge where the house always wins.

Companies like Harrah's and MGM Mirage have already placed large bets on CRM. This paper looked at the keys to success for a smooth transition with CRM. Attention to the current resources readily available is more important than the amount of money spent on elaborate systems. It truly is what you do with that information in order to benefit from CRM. The process starts from the top. CRM will not fail if you plan accordingly. Companies need to fully recognize value of customers over time. Technology is a part of the CRM puzzle, but companies cannot just focus on the technology behind it all. CRM is philosophy and business practice. Once you start focusing on just the technology, you are doing the company and customer a disservice.

It is clearly that the future of CRM lies in the hands of employee. Once CRM is established, it is people that deal with the customer on a day-to-day basis to ensure that the customer is truly being catered to. CRM forces companies to handle business differently. It is like a lifestyle change. You definitely want competent people that can carry out the initiatives. I think Gary Loveman put it best, "jobs don't belong to people, jobs belong to the company. It is the company's responsibility to get the most capable people it could find to do the job." Having competent workers and a talented management are keys to a successful customer service initiative like CRM (Becker, 2003).

With competition growing into areas outside of Las Vegas like Indian reservations, other states, and even online, it is becoming more difficult to attract and retain new customers. This will only get harder in the future as more states are allowing casinos into their communities. CRM will help companies focus harder at their customers in order to keep them coming back. As long as companies focus on their business strategies and the people they have in order to make this technology work, CRM can definitely help grow the business.

REFERENCES

Becker, D. (2003, Spring). Gambling on Customers. *The McKinsey Quarterly*, 2, 1-10.

Beirne, M. (2002). Dollars in the Desert. *Brandweek.*   43(13), pp.19-21.

Business Week. (2002). Your Frequent Hosts are Getting to Know All About You, *Business Week,* 3808, 94-96.

Chen, A. (2001, April 2). Harrah's Places its CRM Bet. *eWeek,* 18(13), 46-47.

Gartner Group. (2001, June 19). CRM at Work: Eight Characteristics of CRM Winners. *Gartner Research*, 1-6.

Goff, L. (1999). What It's Like to Work in IT at Harrah's Lake Tahoe Casino. *Computerworld,* 33(31), 48.

Hardy, Q. (2008). Well-Armed Bandits. *Forbe,* 181(10), 72-74.

Kale, S. (2003). CRM in Gaming: It's No Crapshoot! *Gaming Research and Review Journal*, 7(2), 43-55.

Kale, S. (2005). "Change Management: Antecedents and Consequences in Casino CRM," *UNLV Gaming Research and Review Journal.* 9(2), 55-67.

Loveman, G. (2003, *May*). Diamonds in the Data Mine. *Harvard Business Review,* 109-113.

Lundquist, E. (2005, June 20). Harrah's bets on IT. *EWeek,* 30. Retrieved from http://web.ebscohost.com.lynx.lib.usm.edu on 12/2/08.

Myron, D. (2008, June). Fix the Problem, Not the Symptom. *Customer Relationship Management.*, 6.

Nalewak, Tracee. (2004, February 23). Director of CRM for MGM Mirage, *Personal Interview*.

Nash, K. (2001, July 2). Casinos Hit Jackpot with Customer Data. *Computerworld*, 35(27), 16-17.

Nidumolu, S. R. (1995). The effect of coordination and uncertainty on software project performance: residual performance risk as an intervening variable. *Information Systems Research*, 6(3), 71-91.

Rembrandt, M. (2002, March). Technology + Human Touch = Successful CRM. *E-Business Advisor*, 28-29.

Sim, J., Mak, B., & Jones, D. (2006). A Model of Customer Satisfaction and Retention for Hotels. *Journal of Quality Assurance in Hospitality & Tourism,* 7(3), 1-23.

Smith, M. & Mourier, P. (1999). Implementation: Key to Organizational Change. *Strategy & Leadership,* 27(6), 37-41.

S. R. (2006). .$5,000 Slot Machines. *Rolling Stone,* 1010, 54.

Ulfelder, S. (2003a). How Will You Invest Your IT Dollars? *Computerworld. 37(1),* 14-17.

Ulfelder, S. (2003b, November 10). Catering to the Wealthy. *Computerworld*, 37(45), 41-42.

Watson, L. & Kale, S. (2003, June). Know when to hold them: Applying the casino lifetime value concept to casino table gaming. *International Gambling Studies,* 3(1), 89-101.

Whiting, R. (2006, May 29). Predict The Future—Or Try, Anyway. *InformationWeek*, 1091, 38-44.