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Casinos Hit Jackpot With Customer Data

CRM leaders keep detailed dossiers on loyal gamblers

Story by [Kim S. Nash](#)

JULY 02, 2001 ([COMPUTERWORLD](#)) - While the rest of corporate America is waking up to the value of truly detailed customer information, the neon-lit enclave of casino gambling is already taking it to unmatched levels.

Socioeconomic databases, loyalty cards, the cross-matching of credit card data with other files?they're all at work in the gambling business. These aren't things that supermarkets, banks or retailers don't do. But casinos have become masters of customer relationship management (CRM), having mined more complex customer data on a larger scale for a longer time than just about any other industry.

In its latest annual report, Harrah's Entertainment Inc. bragged, "We know what our customers like," then provided examples of the kind of detail the company tracks. "Tom likes NASCAR, Clint Holmes, thick steaks. Joyce and

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Ted like oceanfront views, barbershop quartets, Elvis slots. . . ."

Native American-owned Foxwoods Resort Casino can parse its 200GB customer database, match it against third-party demographic data and tell whether a patron has kids or how much he makes per year. If he spends \$100 or more daily at Foxwoods, he gets the red-carpet treatment.

"We know who these people are and cater to them. We make sure they have flowers in the room, a drink in the hand and reservations at the restaurant," said Brian Charette, director of gaming systems at the \$1.2 billion Foxwoods casino complex in Mashantucket, Conn.

CRM: A Four-Letter Word?

As potentially valuable as it may be, CRM software has been oversold.

The technology got one of the lowest satisfaction scores in a recent survey by Boston-based consulting firm Bain & Co. Nineteen percent of the 245 senior managers polled actually dropped CRM projects, compared with an average 9%

Loyalty cards are the key. At a typical casino, when a player swipes his card at a table game or slot machine, a network of databases jumps into action. The system captures, among other things, how long the person plays, how much he wins and loses and what his betting strategy is. It can compare statistics from previous visits and provide real-time hints to casino workers about how to treat a given customer, based on how much he is worth to the company.

The Comeback Strategy

Customers, meanwhile, collect card points as they gamble, eat, shop or see shows, which they redeem for prizes, such as free hotel rooms or tickets to hot shows.

MGM Mirage last year gave out \$286.3 million in such comps, or complimentary items.

defection rate for the other management tools in the survey.

Glenn Bonner, CIO at MGM Mirage, said he avoids the *CRM* acronym for fear of scaring executives away from funding a particular project.

"Right now, CRM has both good and bad reputations," he said. "We may be doing a specific component that brings tremendous business benefit, and we don't want any negativity attached to it."

Good CRM is more than gathering loads of facts. It hinges on what companies do with the data.

For example, three or four times per year, Foxwoods Resort Casino holds an invitation-only golf tournament. The promotions department mines

"Our target is mass-producing a high-roller experience for the common person," said Glenn Bonner, CIO at MGM Mirage in Las Vegas. "We want to provide you with the best experience imaginable, so that you'll want to come back."

The strategy pays off. Visitors to MGM Mirage last year spent \$3.5 billion at its 10 properties. The company posted \$160.8 million in profits? \$18 million more than Las Vegas-based Park Place Entertainment Corp., the biggest casino owner in the U.S.

MGM Mirage can sort its 6TB of data on Microsoft Corp. SQL Server databases to tell you which of its 9 million customers are poker players who also like onions on their hamburgers. "Whatever they do gets tracked and logged into the system," Bonner said.

It's not clear whether an onion preference correlates with the profile of a high roller. But it may, and cataloging it now means that the data will be available should anyone find a reason to mine it.

MGM's rival, Harrah's, doesn't carry it that far, but it hasn't deleted any of the information it has gathered since 1995? on 23 million people. Eight million of those carry Harrah's Total Rewards cards.

As Harrah's CIO John Boushy put it, "We decided we would never be able to anticipate the questions that marketing might ask, so we keep all the data."

Foxwoods' customer data for people likely to accept, knowing that once they come for golf, they'll also spend money eating, drinking and gambling.

After a tournament, records of the golfers' spending are transferred to an Oracle Corp. data warehouse. Using proprietary decision support software, marketers can analyze how profitable the event was and suggest ways to fine-tune and improve the next one.

?Kim S. Nash

Casinos are always open, so there is no downtime for backups and database updates. To make CRM work, casino employees need data as soon as possible?while the customer is standing in front of them. Foxwoods, for example, gets an average of 45,000 visitors per day. An Ethernet network quickly moves that customer data to touch-screen terminals used by pit bosses, hotel clerks, restaurant hostesses and others.

Strict gambling laws mean casinos must be more careful marketers than other kinds of companies, Vesset said. Financial institutions, for example, routinely send credit card come-ons to minors, even toddlers. But casinos

The giant-vacuum approach to data collection that pervades the casino business doesn't bother Robert Walasin, a doctor in Chapel Hill, N.C. He gambles three or four weekends per year, mostly at Trump Taj Mahal Casino Resort in Atlantic City.

Walasin likes the free hotel rooms and meals he gets for gambling?about \$2,000 per trip. The data the casino gets in return doesn't matter to him; he figures a lot of it's out there anyway.

"Why would one have any more paranoia about The Taj having information," he said, "than if Sears or AT&T had that information?"

Indeed, casinos do what other industries do but are more sophisticated about it, partially because of the unforgiving conditions in which the technology has to perform, said Dan Vesset, an analyst at IDC in Framingham, Mass.

don't send direct marketing material to people underage. "They use their data much more carefully," he said.

In some ways, casinos are more mindful of privacy than other companies.

Foxwoods, for example, purposely doesn't link husband and wife records, mainly to avoid problems during divorce or when "one doesn't want the other to know what they're doing," Charette said.

New York-New York Hotel & Casino, which is owned by MGM Mirage, stipulates in its membership agreement that points "may not be transferred upon death or as part of a civil or domestic relation matter."

Unlike other companies, few casinos sell their customer data; it's more valuable kept close. "We like to describe system criticality this way," said Charette. "The systems are responsible for supporting \$138,889 [in revenue] per hour."

Methods Prompt Patents

At Harrah's, CRM is so strategic that the company has won seven patents for various parts of its customer tracking systems.

One critical patent covers Harrah's method for consolidating gambling and hospitality data from its 21 properties. If someone visits Harrah's Las Vegas, then the nearby Rio, then Showboat Atlantic City?all owned by Harrah's? information about those activities is culled from local databases and consolidated into a central patron database. This gives Harrah's a fuller view of individual customers, Boushy said.

Meanwhile, a string of mergers in the past three years means just four casino

kings? Harrah's, MGM Mirage, Park Place and Mandalay Resort Group - now control 60% of the \$26 billion industry.

In this situation, Boushy said, Harrah's patents give it a business edge.

Any competitor that wants to consolidate data from their own multiple properties "has to come talk to us or run the risk of a lawsuit," Boushy said. "We created a strategy that others thought was nuts at the time, and [we] want to garner benefits from it."

Harrah's may license its intellectual property or settle on some other form of compensation, Boushy said.

Foreshadowing what's to come in CRM, some casinos plan to add wireless technology and advanced storage-area networks (SAN) to the mix.

MGM Mirage is working directly with Dell Computer Corp. to make SANs more flexible. Bonner said he would like to switch the casino systems to alternate servers when he upgrades host servers and have the SAN running all the while. Right now, the SAN must come down during server upgrades.

Harrah's wants to become "totally device independent," Boushy said, to let users access the company's extensive databases via PCs, handheld computers, even cell phones.

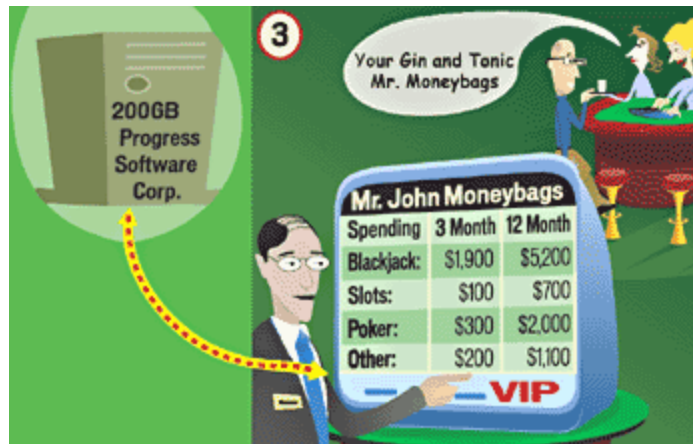
"Managing relationships with customers is incredibly important to the health of our business," he said. "We'll apply whatever technology we can to do that."

Mr. Moneybags and His Wampum Card

How customer data moves around the Foxwoods Resort Casino



Mr. Moneybags swipes his customer loyalty card, called a Wampum card, through a terminal at the blackjack table. Foxwoods? casino management system immediately starts tracking his current play.



A floor supervisor notes the customer?s VIP status, makes a personal greeting, sees that he gets

his gin and tonic and then discreetly monitors Moneybags's spending from a hidden terminal. The Javelin terminal is linked to a 200GB Progress Software Corp. database running on an IBM RS/6000 Unix system.



As Moneybags uses his Wampum card at other games or for entertainment, shopping or dining, that data is fed into the Progress database.

Five months later, Foxwoods' promotions department mines the database for patrons likely to participate in a golf tournament at the resort. Moneybags accepts the mailed invitation.





When Moneybags checks in, a pop-up box on the PC screen alerts the hotel clerk that Moneybags is a high-spending blackjack player and a golfer, because Foxwoods' hotel systems and casino management systems are integrated. The clerk pours on the charm, while a designated personal host sends fresh flowers to Moneybags' suite and an invitation to play blackjack at Foxwoods' swank Club Newport casino.

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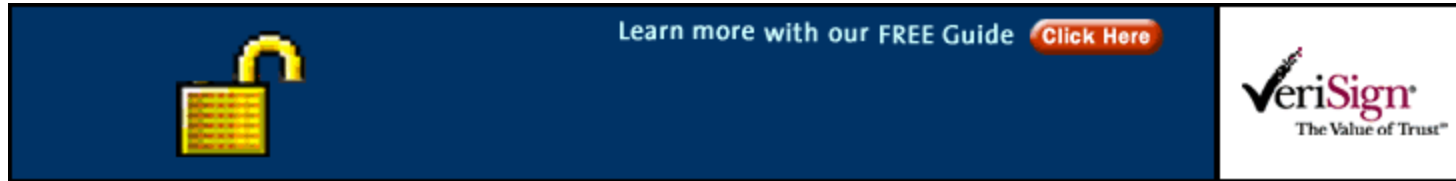
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