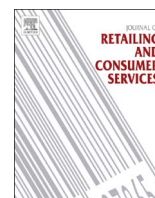




ELSEVIER

Contents lists available at ScienceDirect

## Journal of Retailing and Consumer Services

journal homepage: [www.elsevier.com/locate/jretconser](http://www.elsevier.com/locate/jretconser)

## Leveraging employee emotional intelligence in casino profitability

Catherine Prentice <sup>a,b,1</sup><sup>a</sup> School of Business and Law, Edith Cowan University, Joondalup, Australia<sup>b</sup> Department of Marketing, Griffith University, Brisbane, Australia

## ARTICLE INFO

## Article history:

Received 23 March 2016

Received in revised form

3 August 2016

Accepted 21 August 2016

## Keywords:

Emotional intelligence

Service quality

Casino

Frontline employees

## ABSTRACT

Drawing on the link between service quality and casino profitability, this paper describes the roles of frontline employees in delivering casino service quality and analyses how management can nurture employee emotional intelligence's (EEI) contribution to casino revenue growth. This study is conceptual in nature. The analysis builds from identifying the emotional contents embracing service encounter involving casino frontline employees and customers. The identification area approaches from emotional work performed by employees, referred to as emotional labor, the emotional service delivered by casinos, customer attributed emotions and emotional contagion. The study comprehensively analyses how EEI can manage and regulate emotionally charged service encounters which subsequently affect customers' perception of employee behaviours and service performance over service encounters. These encounter performance forms customers' perception of casino service quality which leads to customer loyalty and ultimately casino profitability. This theory-focused study presents an additional venue with great potential for casinos to enhance business performance and financial growth, as well as providing new insights into the role of EEI in organizations for researchers in the relevant field.

© 2016 Elsevier Ltd. All rights reserved.

## 1. Introduction

"Gambling is good business; or at least a profitable one" (Dixon, 2014). Almost all popular games in casinos, except the card-counting case of Blackjack, according to Hannum and Kale (2012), have absolute house advantage. Calculation of theoretical win for each player indicates that the casino business is viable as long as customers patronize the premises and play the casino games. Understanding the logic, casino marketers make every endeavour to attract customer visits in today's competitive environment, since the era of "build it and they will come" in the casino industry has long gone. The ultimate goal of marketing is to successfully acquire new customers and retain current customers for achieving high casino sales and profits.

The marketing literature indicates that customer acquisition is an expensive process. The firm benefits when marketers nurture on-going relationships with acquired customers with intention to build a long-term business relationship with them, ultimately achieve customer loyalty and retention. Customer retention is a

more cost effective approach and has direct impact on company profitability. Marketing scholars (e.g., Richheld, 1996) show that a five percent increase in customer retention can lead to a 25–85% increase in a firm's general revenue. The rate of increase depends on the industry.

The typical customer acquisition approach in casinos is to attract players through marketing promotion and service offerings. Marketing promotion, including special events, tournaments, coupon books, bus or air programs, direct mail effort and advertising campaigns, are primarily designed to acquire new customers. Casinos have also been adding more amenities to attract visitors, for example, recreational vehicles (RV) parks, golf courses, and fine-dining restaurants with celebrity chefs, resorts, and more. This marketing approach has become less effective when competition in this industry intensifies. The promotions and offerings, irrespective of location, are fairly homogeneous and barely gain competitive advantage. In order to survive or thrive, marketers tend to match or exceed other casinos with more aggressive promotions. From business profitability perspective, casinos cannot afford excessive offerings or keep adding new amenities. Retaining customers has proved to be more cost-efficient. Watson and Kale (2003) have shown a positive nonlinear relationship between retaining existing casino players and casino profitability. The authors employed a two-by-two taxonomy to divide casino customers into four segments based on customer profitability and their relationship with the casino, and calculated the increased rate of a casino's gross profits based on the retention rate of each segment. The

E-mail address: [cathyjournalarticles@gmail.com](mailto:cathyjournalarticles@gmail.com)

<sup>1</sup> Catherine has published extensively in the area of services marketing. Her research interests include consumer behaviours, services marketing, casino marketing and management, gambling studies, emotional intelligence. She is an editorial board member of Journal of Business Research, International Journal of Contemporary Hospitality Management, Australasian Marketing Journal, Tourism Review and so on.

results in the Table 1 confirm the relationship between customer retention and casino profitability. Evidently, customer loyalty and retention has emerged as a central aim of the marketing paradigm in the casino industry.

Given the link between customer retention and casino profitability, the factors that lead to customer retention have impact on profitability. Service quality and customer satisfaction are commonly acknowledged antecedents of customer loyalty and company profitability (e.g. Anderson et al., 1994; Cronin et al., 2000). Service quality in the casino industry is particularly regarded as an important factor in casino customer satisfaction and retention (i.e. Prentice, 2013, 2014), and in seeking a competitive advantage.

Research (e.g. Wu et al., 2015) shows that service quality, in high intensity service contexts, is primarily formed by frontline employees' service behaviours and performance during service encounters. Typically these encounters involve personal interactions between employees and customers. An employee's service performance is affected by his or her behaviour when interacting with customers over service encounters. From this perspective, employee service performance over personal encounters with customers has implications for customer retention and company profitability.

Service encounters between casino employees and gamblers are characterised as emotional events (Prentice and King, 2013). The emotions associating with service encounter events influence customer attitudes and behaviours. Customer reactions reflect how well the employees perform in the context of service encounters. Employee emotional intelligence, (hereafter EEI), involving recognizing and managing emotions of others, may help to regulate the formation of customer emotions, which in turn affect their judgement and behavioural intentions (Delcourt et al., 2013). Consequently EEI has implications for customer perception of service quality and subsequent loyalty, which ultimately turns into casino profitability. This link is depicted in Fig. 1 as follows.

Previous research on service quality and customer loyalty is primarily approached from customer perspective to understand the role of casino marketing and service in customer attitudes and

behaviours (e.g. Prentice, 2013, 2014; Prentice and Wong, 2015; Wong and Prentice, 2015). The role of casino employees in marketing effects has received limited attention. To date employee studies in the casino context are mainly focused on problem gambling (Lee et al., 2008; Abarbanel and John, 2012) and employee job-related behaviours (Billy and To, 2013; Gu and Chi Sen Siu, 2009; Quilty et al., 2015; Thomas et al., 2014). Consistent with foregoing discussion, this paper, conceptual in nature, discusses the role of frontline employees in casinos, and proposes how EEI can influence customer perception of casino service quality through managing service encounters and ultimately enhance casino profitability. This paper presents a comprehensive review on emotions associating with the service encounter between casino frontline employees and customers. The review approaches from both employee and customer perspectives and provides the rationale for leveraging EEI in casino customer loyalty and ultimate profitability. The study focuses on service operations in the casino industry to support contributions to theory of the antecedents and outcomes of achieving high employee emotional intelligence. The theory likely has relevancy to a broad range of additional service industries. The following review begins with presenting the rationale for promoting the role of casino employees in the service quality – casino profitability link, followed by proposing how emotional intelligence is incorporated into the link. The paper is concluded with implications and suggestions for future research.

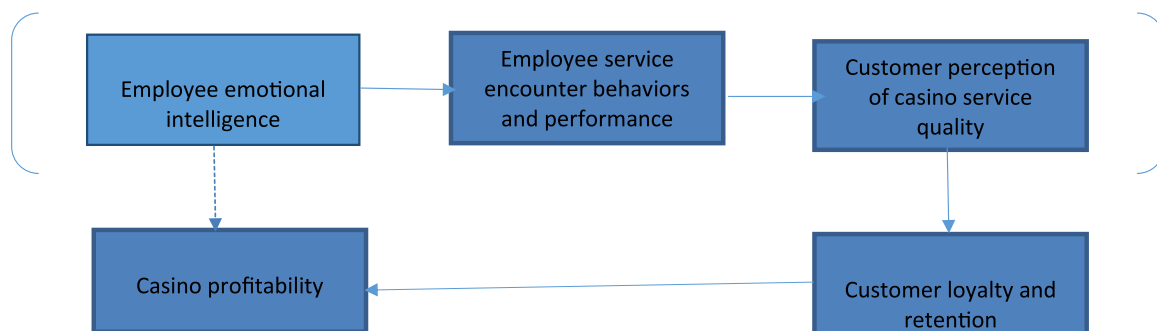
## 2. The rationale

### 2.1. Casino service and service quality

Service quality has been acknowledged as an important key to competitive advantage and customer loyalty in casinos (e.g., Prentice, 2013, 2014; Wong and Prentice, 2015a). Customer services differentiate one casino from the others, particularly those performed by customer-contact employees (see Prentice (2013)).

**Table 1**  
Increased retention Rates' Impact across segments on casino profitability. Source: LTV calculation and impact of increased retention rates across segments by Watson and Kale (2003).

| Games played                              | 6-deck Blackjack |              |            |        | Baccarat     |              |            |         |
|---|------------------|--------------|------------|--------|--------------|--------------|------------|---------|
|   | PC               | MC           | VCT        | IC     | PC           | MC           | VCT        | IC      |
| Casino player segments and retention rate |                  |              |            |        |              |              |            |         |
| 1% - increased revenue                    | \$9,376.28       | \$24,817.02  | \$167.51   | \$0.48 | \$43,408.70  | \$114,893.62 | \$775.53   | \$2.20  |
| 2% - increased revenue                    | \$20,538.51      | \$53,018.18  | \$357.87   | \$0.98 | \$95,085.71  | \$245,454.55 | \$1,656.82 | \$4.55  |
| 5% - increased revenue                    | \$71,884.80      | \$166,628.57 | \$1,124.74 | \$2.72 | \$332,800.00 | \$771,428.57 | \$5,207.14 | \$12.57 |
| 1% - increased revenue                    | 4.60%            | 2.50%        | 0.50%      | 0.00%  | 4.60%        | 2.50%        | 0.50%      | 0.00%   |
| 2% - increased revenue                    | 10.20%           | 5.30%        | 1.10%      | 0.00%  | 10.20%       | 5.30%        | 1.10%      | 0.00%   |
| 5% - increased revenue                    | 35.60%           | 16.50%       | 3.30%      | 0.00%  | 35.60%       | 16.50%       | 3.30%      | 0.00%   |



**Fig. 1.** The conceptual model (the constructs in the brackets are the focus of this paper).

Download English Version:

<https://daneshyari.com/en/article/1028730>

Download Persian Version:

<https://daneshyari.com/article/1028730>

[Daneshyari.com](https://daneshyari.com)