



Embracing or fighting the urge: A multilevel investigation on casino service, branding and impulsive gambling



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ABSTRACT

Academics and practitioners are increasingly interested in how branding and service may affect consumer behaviors. In view of intensifying competition in the casino industry, understanding these relationships would help casino operators achieve competitive advantage. The current study draws on the relevant marketing literature, and examines the antecedents, moderators and consequences of consumer buying behaviors, with a focus on impulsive buying in the casino settings. The proposed antecedents are casino service environment and employee service. Customer brand attachment and loyalty behaviors are modeled as consequences, and casino brand equity as a cross-level moderator. A quantitative method was employed for the purpose of this study. The survey was undertaken at 22 major casinos in Macau through a multilevel design. Results show that the casino service environment indeed induces impulsive gambling. Whilst employee service has little influence on impulsive gambling, the effect is enhanced by casino brand equity. Employee service is particularly salient for casinos with low brand equity. Impulsive gambling does have significant influence on loyalty outcomes through the mediating effect of brand attachment. Brand equity also demonstrates cross-level linear and nonlinear effects on the chain relationship, with the linear effect significantly larger. Implications for practitioners and the literature are provided to conclude the paper.

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1. Introduction

According to the Las Vegas Visitor Profile Study (2014), the proportions of first-time visitors whose primary purpose was to gamble in Las Vegas range from 7 to 15 percent over the period between 2010 and 2014. The percentages are similar for repeat visitors. However, in the same report, the proportions of visitors who actually participated in gambling while visiting Las Vegas from 2010 to 2014 are over 70% (see Table 1). Similarly, the visitor profile study of Macau, the world's gambling capital, reported that only around 9% of visitors reported their primary purpose for visiting Macau was to gamble, but over half of the visitors actually participated in gambling and expressed interest in visiting Macau again; their expression was not particularly indicative of gambling due to political reasons and stigma associated with gambling in China (GGR Asia; Wong, 2016; Zeng et al., 2014).

Visitors who reported gambling as their primary reason for traveling can be referred to as intentional gamblers. They may be regular customers and include, based on Watson and Kale's (2003) segmentation, "prime customers" (PC) or VIP customers, mobile customers (MC) or valued customers of tomorrow (VCT). A large portion of casino business, according to Watson and Kale (2003), is attributed to these segments. From the business profitability perspective, casinos often take a relationship marketing approach with these customers, and would make every endeavor to attend to their needs and wants with the intention to attract their future patronage and loyalty (see Prentice and King, 2013; Prentice, 2013). In a competitive environment like Las Vegas and Macau, casinos gain competitive advantages by approaching these customers with aggressive promotions, which ultimately ravages markets (Klebanow, 2009). Customers in these segments, facing competing offerings from various casinos, tend to defect or switch to competitors (Prentice, 2014). They become disloyal or spuriously loyal, and in some cases turn into a liability to the casino.

On the other hand, casino marketers often neglect the unintentional gamblers, whose primary reason for visiting casino premises is not to gamble. This segment can be referred to as incidental cus-

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tomers (Watson and Kale, 2003). Their participation in gambling is referred to as impulsive gambling (impulsive buying). Impulsive buying is defined as an unplanned, more arousing, less deliberate and more irresistible purchase compared to planned purchasing behavior (Kacen and Lee, 2002). These customers visit a casino to enjoy the social environment and other special features that casinos offer exclusively—for instance, exotic shows or a celebrity chef exhibition. Gambling is an incidental or impulsive “purchase” induced by the casino atmosphere (Prentice, 2013), and becomes a part of recreational activities during visitors’ stay at the premises. Their recreational-minded gambling is least likely developed into addition (Platz and Millar, 2001; Schreiber et al., 2012). Instead, these customers, according to Klebanow (2009), tend to establish relationships with casino employees and other gamblers, and ultimately remain loyal to the casino brand and become a profitable market segment once they feel comfortable in the social circle of a particular casino.

Research shows that impulsive buying accounts for about 80% of sales in some product categories (see Dawson and Kim, 2009). Prior studies focus primarily on the antecedents or causes of such buying behaviors, including external environmental influences and internal, personal-related factors. Research on the consequences of impulsive buying, albeit very limited, is often focused on negative outcomes, with the exception in Gardner and Rook’s (1988) work. The current study, taking a marketing and management perspective, examines the factors that may induce recreationally impulsive gambling, and its deduced outcomes in the casino setting. Drawing on theories pertaining to impulsive buying and service quality, the study develops an integrative multilevel framework which postulates a linkage leading from casino service to brand loyalty through the mediating roles of impulsive behavior and brand attachment. In particular, this paper categorizes casino service into tangible and intangible elements and examines their respective influence on the impulsive gambling and the branding outcome. Prior research (Prentice, 2013, 2014) has shown that gamblers of different segments perceive casino service differently. Customers at lower tier tend to favor tangible service whereas those premium players focus more on intangible element such as employee service. Their perceptions affect their attitudes and subsequent behaviors. This option would help researchers and the relevant practitioners understand the impact of different service offerings on gambling intention and loyalty outcomes.

Furthermore, building on an organizational resource perspective, this study operationalizes brand equity as an asset at the organizational level and models it from both individual and organizational levels to understand its effect on customer behaviors in the casino context. The option for adopting a multilevel framework in this study is a timely response to the call from Wong (2015) and recognition of the importance of investigating variables and their relationships at the appropriate level in order to guard against spurious results including ecological fallacy and overestimates of parameters (Kozlowski and Klein, 2000).

Overall, this research cultivates an interface that allows managers and scholars to better understand the contingency of brand equity on the service quality–loyalty link through impulsive behav-

iors. The following section reviews the relevant literature and forms hypotheses. Methodology for testing these hypotheses is provided prior to presenting the data analyses and discussion. Theoretical and practical implications and suggestions for future studies conclude this paper.

2. Literature review

2.1. Casino service and impulsive gambling

Impulse buying is defined as a sudden, compelling, hedonically complex buying behavior (cf. Bayley and Nancarrow, 1998). This definition indicates that impulsive buying behavior involves a hedonic component. A plethora of research informs understanding of the causes of triggers of impulsive buying. The identifiable antecedents in the literature fall into two main categories, individual or internal and environmental or external characteristics. Internal factors are primarily focused on individual motives, wants, needs and personality (Rook and Fisher, 1995; Weun et al., 1998). These factors play an insignificant role in the case of impulsive/accidental gambling in casinos since gambling activities can be undertaken in many other settings (e.g., on the Internet or at home) besides land-based casinos. If an impulsive urge to gamble brings hedonistic pleasure, one could turn on the Internet or gather a few mates at a convenient place to engage in gambling activities such as Mahjong or poker games. Hence, external factors such as the environment or atmosphere mostly induce a gambling impulse.

External factors that are related to impulsive buying in the existing literature primarily consist of two aspects: service environment and employee service associated with the buying place. Service environment generally includes marketing stimuli and buying environment (Piron, 1991; Schiffman and Kanuk, 2010; Youn and Faber, 2000). Rook and Fisher (1995) indicate that impulse buying behavior is almost exclusively stimulus-driven. Various marketing promotions and cues can stimulate an instantaneous buying tendency (Youn and Faber, 2000). The tangible environment and atmosphere, including physical appearance of the shopping place, ambience, design, background music, lighting, floor coverings, colors, sounds, odors, and even dress and behavior of sales and service personnel likely induce the buying impulse. Mattila and Wirtz (2008) found that a stimulating shopping environment had a positive effect on impulsive buying behavior. These stimuli tend to lessen self-regulation/control and hardly rationalize one’s action which likely increases chance of impulsive buying (Baumeister, 2002; Verplanken and Herabadi, 2001). Situational factors such as time availability and spending power may also influence buying impulse (Jeffrey and Hodge, 2007). The more time a shopper spends in the shopping outlets, the better chance he or she will engage in impulsive purchases.

Although little research, probably due to the controversial nature of gambling, has been undertaken to understand the antecedents of impulsive gambling, some studies have provided evidence of casino factors in customer satisfaction. These factors are primarily attributed to the tangible elements, such as casino servicescape and environment (e.g., Johnson et al., 2004;

Table 1
Proportion of intended and non-intended gamblers between 2010 and 2014.

	2010	2011	2012	2013	2014
Proportion of visitors whose primary purpose for current trip was to gamble	9	7	8	15	12
Proportion of repeat visitors whose primary purpose for current trip was to gamble	10	8	9	17	14
Proportion of first-time visitors whose primary purpose for current trip was to gamble	1	1	1	4	4
Proportion who gambled while visiting Las Vegas	80	77	72	71	71

Source: Las Vegas Visitor Profile Study 2014 <http://www.lvcva.com/stats-and-facts/visitor-statistics/>.

Note: the figures in Table represent percentage.

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