



Who stays, who walks, and why in high-intensity service contexts



Catherine Prentice

Marketing, Operations and Management, Faculty of Business & Enterprise, Swinburne University, Australia

ARTICLE INFO

Article history:

Received 1 October 2012

Received in revised form 1 February 2013

Accepted 1 February 2013

Available online 22 March 2013

Keywords:

Casino service quality

Customer loyalty

Player retention

Player propensity-to-switch

ABSTRACT

The current investigation explores relationships among customer service-quality evaluations, propensity-to-switch, and player retention in a highly-intense service delivery environment (casinos). The study also examines the proposal that player loyalty intervenes between casino service-quality perceptions and player retention. Overall customer service-quality perception is operationalized as a multi-dimensional construct, consisting of service environment, empathy, reliability, assurance, responsiveness, game service, and food service. Path analyses show that casino service environment is the only factor that impacts player propensity-to-switch, whereas food service and empathy affect player retention. After separating the sample into three groups based on respondents' average betting, namely low-end, medium and high-end players, the influence of casino service factors on player propensity-to-switch and retention varies substantially among the groups. Results for testing the mediation model demonstrate that customer loyalty affects player retention and that casino service evaluations influence customer loyalty directly. A few measured factors such as age, education, occupation, and income influence player propensity-to-switch and retention. These findings have strategic implications for casino marketers.

© 2013 Elsevier Inc. All rights reserved.

1. Introduction

Macau is the top revenue market in the casino business globally. Competition in Macau is now intense among the various establishments: 39 casinos in a landmass of less than 30 km² compete for the most lucrative players. The casino industry is transitioning from a traditional monopoly-style model into a more internationalized open market where competition is unpredictable and not necessarily confined to local jurisdiction. Thriving in this fast changing environment, casino marketers are learning that a necessary ingredient in competitive advantage recipes includes establishing and maintaining good relationships. Good customer relationships increase player retention rates and casino profitability (see Kale & Klugsberger, 2007; Watson & Kale, 2003). Beyond accepting this positive relationship in aggregate terms how to establish positive and sustainable customer relationships for both casino practitioners remains an on-going challenge. The status quo of casinos in Macau appears to be that minor switching barriers exist between various establishments – players can and do switch and do so often. Hence, another challenge for casino marketers is how to retain players.

Service quality is an antecedent of customer loyalty and retention (Bell, Auh, & Smalley, 2005; Kheng, Mahamad, & Ramayah, 2000; Ramzi & Mohamed, 2010; Zeithaml, Berry, & Parasuraman, 1996). However, very limited research is available that confirms this relationship in

high-intensity contexts such as casinos. Whether or not marketers in casinos are fully aware of the factors in securing and quantifying player loyalty is doubtful (Lam, 2010). Assuming that players will return unconditionally is naïve based on the casino financial performance in the past few years.

Zeng, Prentice, and King (2012) detect a gamblers' adaptation effect in their comparison of visitor profiles between casino gamblers and non-gamblers. The effect indicates that gamblers who patronized casinos in Macau in the past few years are losing their novelty and spontaneity (see Zeng et al., 2012). Casino marketers' awareness of this effect may facilitate developing appropriate marketing strategies for achieving casino sustainability and competitive advantage.

Following the foregoing discussion, the current study investigates the influence of casino service quality on player propensity-to-switch and retention. In her qualitative study, Prentice (2013) argues that service quality should be viewed as a multi-dimensional construct and reports that casino service quality dimensions have different effects in customer loyalty and retention. Drawing on her study, this research employs a quantitative approach to examine what service causes customers to patronize the casino or to switch to competitors. Additionally, this study incorporates market segmentation based upon customers' betting volumes into analysis of the relationship between casino service and gambler loyalty. This research contributes to the literature by showing service quality to be a multidimensional construct and by incorporating market segmentation into customer loyalty research in the casino context. The findings of this study have strategic implications for casino practitioners and academics.

E-mail address: cathyjournalarticles@gmail.com.

2. Literature review

2.1. Casino service quality, player propensity-to-switch and retention

Service quality involves customer perceptions of an entity's overall excellence or superiority (Parasuraman, Zeithaml, & Berry, 1988). Commonly acknowledged as an antecedent of customer satisfaction, service quality in turn drives customer loyalty and company profitability. Service quality impacts directly on customer behavioral intentions and that improved service quality enhances favorable intentions (Zeithaml et al., 1996).

Despite the extensive discussion within the relevant literature about service quality and its consequences, research on the relationship between service quality and customer retention within the casino context is scarce (see McCaina, Jang, & Hu, 2005). On the basis that customer preferences are key drivers of viability within the casino industry and that adopting a supply-led philosophy of "build it and they will come" is now an ineffective business model, gaming researchers, consultants and practitioners note the importance of service provision as a means of gaining competitive and sustainable advantage in the casino sector (Baird, 2002; Johnson, 2002; Stutz, 2009).

Thus, delivering quality service may be an effective relationship marketing tool for attracting patronage and maintaining customer loyalty in many retailing contexts. Customer evaluations of casino-service quality levels likely influence their loyalty so that high service quality is likely to reduce switching. Hence, the study proposes and tests the following hypothesis.

H1. a: Casino service-quality evaluations by customers associate negatively with their propensity-to-switch. b: Casino service quality associates positively with player retention.

2.2. Service quality dimensionality

Most research on service quality views the service quality construct as uni-dimensional or as a means of conveying the overall quality of a firm through delivering high quality services. Brady and Cronin (2001), Parasuraman, Zeithaml, and Berry (1985), Parasuraman et al. (1988), Ramzi and Mohamed (2010) assert that service quality is multi-dimensional and that attempting to use a uni-dimensional perspective is simplistic. For instance, Parasuraman et al. (1985), Parasuraman et al. (1988), and Parasuraman, Berry, and Zeithaml (1991) propose a service quality model, named SERVQUAL consisting of five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Tangibles describe physical representations of the service and the appearance of the personnel. The other dimensions focus on the intangible aspects of the service and on the depiction of interpersonal interactions between customers and service representatives. Reliability refers to the accuracy that employees demonstrate in the performance of their duties – responsiveness to their promptness, assurance to trust and empathy to individual attention (Parasuraman et al., 1988).

Additional service quality models by Rust and Zaborik (1993) and Brady and Cronin (2001) involve three components, namely service delivery, service environment and service product. The "Nordic Model" of service quality (i.e., Gronroos, 1984) consists of a functional component (the service delivery process) and a technical component (the outcomes). CASERV, a model by Wong and Fong (2010) to measure explicitly casino service, is a refinement of the model by Rust and Zaborik (1993) and assesses four facets of casino service offerings: game service, service environment, food service, and service delivery. Game service represents the technical aspect of a service encounter, such as casino table games and slot machines. This technical aspect aligns with Gronroos (1984) concept of technical quality and with Rust and Zaborik (1993) core or actual services. Service environment refers to the atmosphere and physical dimensions of the casino, consistent with the concept of "servicescape" (Bitner, 1992). Service delivery mainly depicts the

service performance and behaviors of casino frontline employees and their interactions with customers. Food service plays a key role in the delivery of hospitality services (Ha & Jang, 2010 in Wong & Fong, 2010). These dimensions are classifiable as tangibles and intangibles.

Like many organizations offering service-oriented "products" casino services combine various dimensions involving the tangible and intangible. The tangible dimension includes physical facilities and gaming products such as games and slot machines, whereas the intangible refers largely to the services provided by frontline employees generally and by casino hosts in particular. Casinos typically offer a variety of tangible inducements to attract and retain players, particularly in the case of high rollers. Casino managers go to extreme lengths to accommodate the needs and wants of such players. Examples include distributing lavish gifts and redesigning hotel rooms to suit their preferences and idiosyncrasies (see Kale, 2005).

However, Prentice's (2013) qualitative study shows that such tangible offerings have minimal influence on their patronage to the casino; whereas a complimentary meal voucher or discounted hotel rates may suffice to prompt low-end players to return to the casino. The present paper extends Prentice's (2013) findings by adopting a quantitative stance to examine the relationships between the various dimensions of casino service quality and player loyalty with a focus on player propensity-to-switch to competitors and their actual patronage. The foregoing discussion informs the following hypothesis.

H2. a: Service quality dimensions have unique effects on player propensity-to-switch. b: Service quality dimensions have unique effects on player retention. c: Such effects vary on different betting-volume players.

Customer loyalty and retention are distinctive constructs (Gerpott, Rams, & Schindler, 2001). Repetitive purchase (i.e., customer retention) is a direct outcome of customers with positive attitudes towards the service or brand – attitudinal loyalty (Bennett & Rundle-Thiele, 2002). Customer perceptions of the firm's service affect such attitudes (Prentice, 2013). Service quality perception, customers' attitude, and their subsequent purchasing behavior likely function hierarchically. Prentice (2013) reports that gamblers' perceptions of casino services have impact on their loyalty which may influence their subsequent patronage. In other words, player loyalty may mediate the relationship between perception of casino service and player retention.

H3. Player loyalty mediates the casino service quality and player retention relationship.

3. Method

3.1. The study sample

To test the hypotheses, a survey was designed and conducted at seven of the largest casino resorts in Macau. The sampling plan accommodated all relevant target audiences to achieve generalizability. The casinos agreeing to participate in the study designate various rooms within the gaming area to cater to different types of gamblers. Different gaming areas service tourists and regular low-end players, medium-volume players, and high rollers. The survey was undertaken at the non-gaming areas and questionnaires were administered randomly to all segments of players who were having breaks from playing.

3.2. Measures

This study opted for Parasuraman et al.'s SERVQUAL to measure casino service quality. Although various service quality measures exist in the relevant literature, SERVQUAL is the most widely used scale and is applicable across a broad spectrum of services, reported with good reliability and validity (Parasuraman et al., 1991). The original SERVQUAL

Download English Version:

<https://daneshyari.com/en/article/1017568>

Download Persian Version:

<https://daneshyari.com/article/1017568>

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