



Service attributes as drivers of behavioral loyalty in casinos: The mediating effect of attitudinal loyalty



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ABSTRACT

This study takes its cues from the Theory of Reasoned Action (TRA), service quality, and the broaden-and-build theory of positive emotions to investigate the effect of casino service attributes on gambler loyalty. The posited theoretical model was tested using Structural Equation Modeling with a sample of 4511 gamblers. Findings indicate that the intention to return fully mediates the effect of casino ambiance and emotions on return patronage. Feelings pertaining to emotions have the greatest effect on casino players' intention to return. Additionally, emotions have the strongest indirect effect on return patronage. Results highlight the importance of player intent in order to secure their actual return to casinos. In the context of gambling loyalty research, service quality attributes influence return patronage through intention to return. Theoretically, this study shows that attitudinal loyalty is a strong predictor of action loyalty in casinos in a causal fashion.

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1. Introduction

Casino gambling is an important contributor to many world economies and attracts millions of visitors to destinations (Wong and Rosenbaum, 2012). The United States is no exception where prior to 1977, only one state (Nevada) featured full-fledged casino operations. By 1995, twenty-two states had such operations (Au and Hobson, 1997; Mason and Stranahan, 1996). The boom in casino gambling continued even during the economic recessions in the United States where gambling increased 100% between 1996 and 2008 (American Gaming Association, 2010). Now in 2015, the gaming industry continues to generate more revenues than other forms of entertainment worldwide which leads to a peaked interest in gaming research (e.g. Hendler and LaTour, 2008; MacLaurin and Wolstenholme, 2008; O'Donnell et al., 2012; Tanford and Baloglu, 2013) and the subsequent publication of several academic gaming journals and special issues in various journals. Understanding customer loyalty is paramount for the casino industry (Tanford and Baloglu, 2013). Also, loyalty research has theoretical implications to the extent that research can be validated across different settings, therefore establishing external validity (Campbell, 1957).

Customer loyalty is a fundamental construct in marketing

scholarship (Toufaily et al., 2013); from a managerial perspective, it is among the most enduring assets possessed by a company (Kandampully et al., 2015). Creating and maintaining customer loyalty helps organizations to develop long-term, mutually beneficial relationships with customers (Pan et al., 2012). Research shows that loyal customers show attachment and commitment toward the company, and are less likely to switch to a competitor (So et al., 2013). Therefore, it is important for organizations to have a loyal customer base, and also investigating the precursors of customer loyalty should be a top research priority for services marketing researchers (Kandampully et al., 2015). Widely studied constructs in service loyalty research such as customer satisfaction are necessary but not sufficient conditions to elicit customer loyalty (e.g. Izogo, 2015; Dixon et al., 2010; Oliver, 1999). It is the examination of other precursors such as customer emotions, service ambiance and staff attitude that motivated this paper. Moreover, customer loyalty has been rarely investigated with simultaneous consideration of its attitudinal and behavioral dimensions (Bodet, 2008). Having identified this research gap, the present study integrates service attributes and loyalty dimensions into a comprehensive model.

Given the importance of casino marketing and customer service, it is plausible that service attributes are the true drivers of customer satisfaction and loyalty among casino players. Offering more insight into this relationship is important for policy makers. Several researchers (e.g., Bowen and Chen, 2001; McCain et al., 2005) argue that unlike other businesses, customer satisfaction

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has little impact on player loyalty in casinos. This is because, player loyalty may depend on players' winnings. However, Shi et al. (2014) demonstrate that service quality has both a direct and indirect effect (via customer satisfaction) on player loyalty particularly among player's club members. While this is encouraging news for casino companies that invest in service quality, there exists a need to understand how service quality influences different types of loyalty. That is, extant research offers very scant evidence of how service quality influences the two key types of loyalty: attitudinal and behavioral loyalty in gambling business. This is disconcerting since casino companies invest in service quality training not only to increase player loyalty but also to dispel the myth that players visit casinos due to compulsive behaviors. In other words, it is of paramount importance to confirm that service quality – as opposed to compulsive behavior – drives casino loyalty.

To fill the gap discussed above, the present study employs the Theory of Reasoned Action (TRA) (Ajzen and Fishbein, 1980) and 'broaden-and-build theory' of positive emotions (Fredrickson, 2001), to investigate how service quality and emotions influence the intention to return and actual return patronage among casino players. This study contributes to the existing body of knowledge by demonstrating that attitudinal loyalty, which manifests itself through intention to return, fully mediates the relationship between service quality and return patronage. Thus, this paper offers a fine-grained support for TRA in the context of casinos. More specifically, this study shows that humans (i.e., gamblers) make rational behavior decisions with the available information on the basis of their past experience. At the empirical level, the study captures the time lag between behavioral intention (intention to return) and behavioral action (actual return patronage) of more than 4500 casino players in the United States. The distinct separation between intention and action using a large sample with objective data (number of return visits) offers solid evidence that on average casino players "do what they say" in relation to their service experience in casinos.

To date, there is a shortage of studies that rigorously examined the specific influence of gamblers' emotions, casino atmospherics, and casino staff attitude on gamblers' behavioral intentions and behavioral actions using data from player's club member loyalty cards and gambler satisfaction surveys. Additionally, very few studies examine the mediating role of intention to return on the relationship between service quality dimensions and return patronage.

The paper first briefly reviews antecedents of casino loyalty and subsequently puts forward relevant hypotheses. Next, this study explains methodology and reports findings. Last, this project offers a discussion of results against previous studies and offers

suggestions for future research.

2. Theoretical framework and model development

This study derives its theoretical foundations from marketing and social behavior literature: the TRA (Ajzen and Fishbein, 1980), service quality, (Parasuraman et al., 1985), broaden-and-build theory of positive emotions (Fredrickson, 2001), emotions (Bagozzi et al., 1999), and consumer loyalty constructs (Oliver, 1999). The definition of loyalty is a repeat purchase behavior which is a function of favorable attitudes or as a consistent purchase behavior resulting from the psychological decision-making and evaluative process (Jacoby and Kyner, 1973). Oliver (1999) portrays different phases of loyalty and states that the return intention is "transformed into readiness to act" at the action loyalty phase. The action loyal customers hold a deep commitment to repurchase and therefore action loyalty is linked with continuous customer retention.

In the casino industry, customer loyalty has a positive relationship with profitability (Kale and Klugsberger, 2007). The factors that affect gambler loyalty have significant implications for casino profitability (Shi et al., 2014). However, in the gambling industry, the issue of player retention for gambling is a very significant challenge for casinos (Jolley et al., 2006). Previous studies indicate that service quality and customer satisfaction play a key role in achieving gamblers' loyalty, however a large portion of variance in gambler loyalty remains unexplained (see Prentice, 2013a, 2014).

Foregoing research that investigates the impact of casino service quality on customer loyalty (e.g. McCain et al., 2005) has some limitations. This is because customer loyalty measurements generally consist of self-administered surveys where gamblers are 'self-perceived loyal customers' on the basis of their self-reported casino visits. Therefore, such a measure does not capture the action loyalty, which is a critical issue for casino operators. To address these shortcomings, the present study combines two separate datasets to establish the link between behavioral intentions and behavioral action. In one of the datasets, players are uniquely tracked on the basis of their player identification numbers to record their visits to capture actual behavioral action.

Customer loyalty is of critical importance in the casino industry and therefore it is vital to examine the factors that are antecedents to customer loyalty. Figs. 1 (direct effects model) and 2 (mediation model), display theoretical models to understand why gamblers return to a casino. The outcome variable in the model is action loyalty. The following sections present and discuss the nature of the constructs of the model.

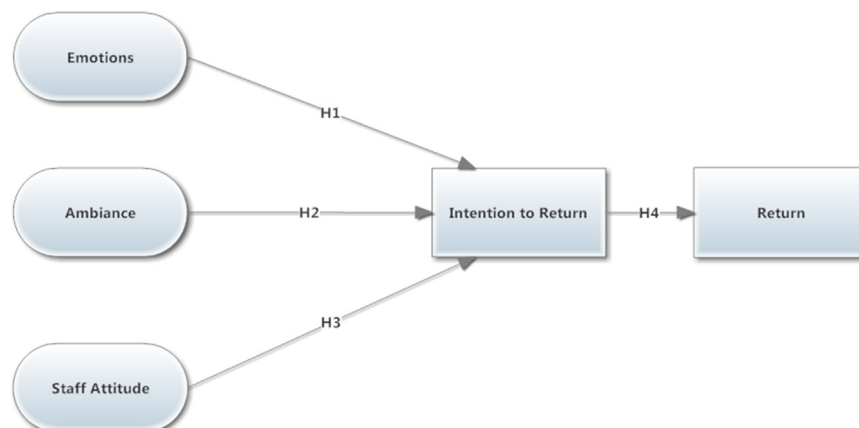


Fig. 1. Direct effects model.

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