

Fall 2005

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Ross, David D., "Determinants of repeat visitation for Las Vegas “locals” casinos" (2005). *UNLV Theses, Dissertations, Professional Papers, and Capstones*. 635.

<http://dx.doi.org/10.34917/1754883>

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Determinants of repeat visitation for
Las Vegas “Locals” Casinos:

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November 4, 2005

CHAPTER 1

The purpose of this research is to identify determinants of repeat visitation in the Las Vegas “local” gaming market. Specifically, determining attributes that are critical to slot and video poker players. The majority of revenues in the local market are derived from slot, video poker, and keno machines (Nevada Gaming Control Board, 2004). Therefore, understanding attributes that influence attitudes or behavior among known casino players will lead to valuable insight into developing sustainable competitive advantages. The dependent variable is repeat visitation. Quantitative and qualitative methods are proposed to measure independent variables that are correlated with having a significant effect on the dependent variable. Product offerings among Gaming competitors are for the most part fungible. In the local gaming market, International Game Technology (IGT) is the leading supplier of slot and video poker, and there is a tremendous amount of homogeneity among table game offerings. If geographic location is factored out, the lack of distinctiveness becomes painfully clear.

The essence of business strategy is to create a unique position (Porter, 1996). This unique position with respect to gaming in Las Vegas is determined by who the primary segment of the market is. If tourists represent the primary focus, then most likely the property is located in or around the Las Vegas Strip or resort corridor. If the “Locals” segment is the primary focus, then the property is positioned more regionally or sought to be a “neighborhood” casino. Shoemaker (2001) defines the “Locals Market” as local area residents who participate in legalized gambling, as opposed to tourists who visit the area to partake in gambling activities. Local casinos today are massive,

entertainment complexes, which could arguably be defined as destination resorts for locals.

Practical significance of study

The proliferation of gaming is unprecedented. As many states look to gaming as a source of revenue for a poor fiscal policy, this research becomes more valuable. Many people fail to make the correlation between these new jurisdictions, Tribal or Indian gaming opportunities, and the “locals” market. The argument is, not many people are traveling to Barona or Harrah’s Rincon outside of San Diego, California for their vacation from New York City. Therefore, these primary markets are considered to be more localized. Localized markets could be referred to as geographic segmentation as opposed to other segmentation strategies. The strengths of this study builds on previous literature and suggest insight into attitudinal and behavior characteristics that are determinants of repeat visitation. The application of the research will develop a better understanding of what attributes a Las Vegas local gaming customer prefers.

Key Terms

Product offerings would include slot, video poker, and keno games by denomination, type and manufacturer, herein referred to as slots. Hold percentage is a mathematical equation that calculates actual coin-in by actual coin-out or money that was won on the machine (Kilby, Fox, & Lucas, 2005). The same reference defines hit frequency as the percentage of spins or handle pulls that the slot or video poker machine pays back at least one coin or credit. Loyalty programs are defined as slot players clubs where customers sign up and receive cards to be inserted into the slots and are awarded points. In the local market these points become entitlements that can be used for cash

back or complimentary items such as food, beverage, or entertainment. Casino promotions are direct mail offers to loyalty club members that include offers or enticements to be redeemed, traditionally at specific times during a particular month.

Local Market Perspective

Local gaming operators must, therefore, have a clear understanding of what drives customers to a locals' gaming facility. Casinos need volume drivers, attributes that create traffic and increase the likelihood of bringing in repeat customers that may have a higher propensity to gamble. Unfortunately, many casinos operate under the "Build it, and they will come theory". The best example of this happened in Las Vegas in the summer of 1999. The 325 million dollar Rampart Hotel and Casino, formally the Resort at Summerlin, opened the doors and targeted the tourist and local segment of the market, at price points consistent with Bellagio. The volume drivers they had for the local customers consisted of a buffet, that was exorbitant in terms of price, as well as one of the finest spa facilities in Las Vegas. Although no empirical research exists on spa utilization for local casino customers, one could make the argument that movie theatres, bingo, and bowling centers would most likely outperform from a volume perspective. Approximately two years later the company was in bankruptcy court. The property had great freeway access, located in arguably the fastest growing section of town, and catering to the local market, failed from a business plan perspective.

For gaming companies to compete successfully in the "locals" market, they need to generate volumes of traffic. People cannot physically gamble 24 hours each and every day. There needs to be other attributes to bring gaming customers in that are directly or indirectly correlated to the profitability of the firm. What attributes do

customers look for when deciding visitation of a “locals” casino? Is Bingo, which has historically been a cornerstone of a local casino’s product offerings necessary in driving repeat visitation? For gaming, there are two other variables that need to take place: time and discretionary income. Casino operators should not have preconceived ideas of what the customers want; they should continuously strive to solicit this information from, not only the valued guest, but from upward communication from the front-line staff. The business models differ between local gaming and the Las Vegas Strip. Casino operators could gain valuable insight into recognizing the primary differences between aspects of the two business models.

Gaming per Occupied Room

Local properties differ from the mega resorts on the Las Vegas strip in the fact that their business model calls for 10,000, 15,000 or 20,000 customers a day to come through their facilities, without 3,000, 4,000 or 5,000 hotel rooms to generate traffic. According to the Las Vegas Convention & Visitors Authority [LVCVA] (2004), the average number of room occupants per hotel room in Las Vegas is 2.1, and the average length of stay is 3.6 nights and 4.6 days. This has a positive effect on gaming revenue, as there is quantifiable data, measuring gaming revenue per occupied room of \$87.80 (Pit) and \$99.82 (Slot) (Nevada Gaming Control Board, 2004). The same study revealed that occupancy on the Las Vegas Strip was 92.0% in 2004. In fact, of the 131,503 hotel rooms on the Las Vegas Strip, the majority of which are located within 3 to 4 miles of each other, has a positive effect on cross traffic among customers between resorts. Companies that compete in the local gaming market are at a clear disadvantage from a gaming-per-occupied-room equation, when compared to their strip counterparts. Repeat

visitation is critical to the success of the local gaming market, as the hotel room base is insufficient to support the number of gaming positions. Therefore, the primary research question is advanced:

What are the determinants of repeat visitation for Las Vegas locals' casino customers?

Food and Beverage

There is a distinct difference between properties located on the Las Vegas Strip and that of the local properties. Local gaming companies need to create value with respect to food, gaming and entertainment to attract the discerning local customer. Unlike many of the casinos that operate on the Las Vegas Strip, the food and beverage program of "locals" oriented casinos lose money. Casino operators should understand the significance of a quality food and beverage program from the customers' perspective. Recent trends towards award-winning chefs have clearly advanced Las Vegas with respect to culinary recognition. Historically, Las Vegas local casinos have used food, specifically low pricing, to drive visitation. Is good food at a reasonable price an important determinant of visitation? Lucas & Santos (2003) found empirical data that supports the linkage between cover counts and coin-in, a volume indicator of slot revenue. The following research question is, therefore, advanced:

P1: Will restaurants have a significant impact on determining repeat visitation or is gaming the primary catalyst?

Entertainment Offerings

Local casino operators, whose target market consists of local residents, need to satisfy, meet or exceed the expectations of their customers. Unlike the resorts that operate on the Las Vegas Strip, local casinos need to generate not just first-time visitors, but more importantly, repeat visitation. Attributes of Las Vegas casinos are not universal in nature. The production shows such as “Mystere” at Treasure Island or “O” at Bellagio, major Las Vegas Strip operators, are not necessarily going to be effective in driving traffic to the local casino operators, especially midweek. The initial cost to create and produce this type of production show and the estimated return on investment would not necessarily be congruent with the Las Vegas Strip model. The elasticity of demand would be a factor based on the price points for each of those shows, in conjunction with the lack of a large hotel room base, among the local gaming operators. Conversely, pro football contests that are designed to bring in visitation for the seventeen-week season at local casinos may not work at a Strip resort, where the visitor profile of their customer comes 1.8 times per year (LVCVA, 2004).

Movie theatres and live entertainment venues are now common in many local casino properties. Bowling centers and food courts, consisting of quick-serve restaurants (QSR), are gaining in popularity among local casinos. What effect does all of this have on determining repeat visitation of slot players? Only the customers can put this into perspective. The following research question is, therefore, advanced:

P2: What effect does the entertainment offerings of a local casino have in determining slot player visitation?

Value with Respect to Gaming

Local properties traditionally have a higher percentage of video poker in comparison to the overall slot floor mix. Gaming value, therefore, is enhanced in the “locals” market through hold percentages. The majority of revenues come from the slot and video poker machines. Introducing a lower hold percentage increases the customer’s chance of winning. Increasing the hit frequency creates the perception of a better gaming experience by allowing time on the machine. According to the (Nevada Gaming Control Board, 2004), the Las Vegas Strip had a slot hold percentage of 6.63 % versus 4.60% for Boulder Strip and 4.24% for the Balance of Clark County; these areas consist of local casinos. The following research question is advanced:

P3: Is the gaming experience for local players determined by the hold percentage or do intangibles such as customer service become a factor in repeat visitation?

Delimitations

The limitations of this research support the fact that there is a scarce amount of empirical data from which to build or expand. Other limitations include that these findings are focused on the Las Vegas locals’ casino perspective and may not be consistent in other geographic locations. The qualitative section will be challenged with respect to generalizability, due to the small sample size and the applicability to a larger subset. With the exception of convenience, the advanced research questions focus on the interior dimensions of the casino and not the exterior. The exterior could be defined as aesthetic or architectural design, parking, lighting, signage, both fixed and electronic, and ingress and egress. In addition, the mean of the customer-relationship database supports the two known constructs necessary for gaming: Time and discretionary income. The younger

demographic may not yet have a statistical impact with respect to the Pareto Principle, but may evolve. The Pareto Principle suggests that 20% of your customers are producing 80% of your revenues. This study should be extended to different geographic markets that are consistent with a localized gaming jurisdiction. Attempts should be made to reproduce this in markets that are not considered monopolistic, but competitive.

CHAPTER 2

Literature Review

There is empirical evidence in the research that suggests a satisfied customer has a higher propensity to revisit or repurchase, with his/her intentions than a dissatisfied customer. In the service settings, the service is produced simultaneously in the firm's factory (Zeithaml, Parasuraman & Berry, 1985). The basic differences between goods and services are that services are intangible, heterogeneous, produced and consumed simultaneously, and perishable (Zeithaml & Bitner, 2003). If International Game Technology (IGT) supplies the majority of poker and slot machines, and the table games are homogeneous in the Las Vegas "Locals" market, then perhaps the argument could be made that customer service is the "X factor". Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Reichheld & Sasser, 1990; Zeithaml et al., 1985). The first determinant of overall customer satisfaction is perceived quality; the second determinant of overall customer satisfaction is perceived value (Fornell, Johnson, Anderson & Cha, 1996). Satisfaction by definition is the consumer's fulfillment response. It is a judgment that a product or service feature of the product, or service itself, provides a pleasurable level of consumption-related fulfillment, in addition it is also an emotional state (Oliver, Rust & Varki, 1997).

Management implications include that there are two distinct strategies among local gaming operators: Drive revenue through customer traffic and increase profitability through repeat patronage. To create a sustainable competitive advantage, casinos need to have a positive effect on customer behavior. Results from a study found strong empirical support for the intuitive notion that improving service quality can increase favorable

behavioral intentions and decrease unfavorable intentions (Zeithaml, Berry & Parasuraman, 1996). The same study revealed the importance of strategies that can steer behavioral intentions in the right direction, including striving to meet customers' desired levels (rather than merely performing at their adequate service levels), emphasizing the prevention of service problems and effectively resolving problems that do occur. In a recent study, research showed that when price and quality information is used similarly, in both satisfaction and loyalty evaluations, the relationships between the two constructs are strengthened (Auh & Johnson, 2003).

Cronin, Brady & Hult (2000) advanced that service quality, service value and satisfaction, may all be directly related to behavioral intentions when all these variables are considered collectively. The same study further suggested that the indirect effects of the service quality and value constructs enhance their impact on behavioral intentions. Satisfaction, acting in parallel with delight, was strongly related to pleasure and disconfirmation and has a clear effect on behavioral intention (Oliver, Rust & Varki, 1997). The sum of the related research suggests the following question:

P4: Is the gaming experience for local players determined by the product offerings; or do intangibles such as customer service factor in repeat visitation?

There is a direct correlation to long-term profitability if a casino can increase casino customers. Casino customers could be defined as customers who engage or participate in gaming as opposed to non-gaming customers, customers that eat, drink, but do not participate in gaming. Increasing customer loyalty or retention of gaming customers and mitigating or reducing customer defection would have a significant effect on profitability and margins. Reichheld (1996) determined that customer defection is one

of the most illuminating measures in business. The same study recognized that this is the clearest possible sign that customers see a deteriorating stream of value from the company; while the company experiences a decrease in cash flow. The essence of casino marketing may be directly linked to Customer Relationship Management (CRM). CRM projects will have a higher chance of success, if CRM is viewed as a business philosophy and becomes part of the corporate culture (Kale, 2003). It is more economical to market to a known customer. Local gaming operators often use direct mail from the loyalty program database to generate traffic. In addition, the use of gaming promotions to generate visitation is often duplicated in the market. A recent study found that promotional periods fail to significantly influence slot volume (Lucas & Bowen, 2002). The research suggests the following question:

P5: What effect do loyalty programs or casino promotions have on determining repeat visitation for local casino customers?

Gaming Literature

The academic significance of this gaming research paper extends what has been advanced in this small but growing amount of choice literature. Richard & Adrian (1996) identified determinants that influence repeat purchase intentions of casino players. These repeat intentions were thought to be a function of locations, physical attributes, product or games offerings, hospitality attributes of the casino and the casino staff. Key findings of the same study revealed that games are the most important factor in repeat purchase intentions. It should be noted that the factor analysis that was used is questionable. Games include, not only the chance of winning, but variety, type, and availability.

Location was found to be the second most important factor. In the Las Vegas locals market, location, ingress and egress, and convenience are all prevalent in the competitive set. Most local operators are located along highways, beltways, section lines or collector streets. Abundant surface parking, covered self-parking garages, in conjunction with valet parking, appears to be the norm in the Las Vegas local market subset. The research suggest the following question:

P6: How important is convenience in the local gaming market in determining repeat visitation intentions?

Without the large room base that their counterparts share on the Las Vegas Strip, local operators must rely on repeat business. Overall customer satisfaction, with respect to the slot experience, was found to have a significant effect on behavioral intention variables such as repatronage, word-of-mouth advertising, and the desire to remain in the casino environment (Lucas, 2003). This research supports an earlier study that identified that satisfaction with the servicescape has a positive effect on customers' repatronage intentions and on the length of time they desire to stay in the leisure service (Wakefield & Blodgett, 1996). Management implications of these findings suggest that many of these attributes are interrelated. Traditional standards such as cleanliness, security, courtesy, friendliness, and helpfulness of employees are basic expectations of the casino customer and should be consistently delivered (Petrillose & Brewer, 2000). In fact, the same study revealed that even guests, who were satisfied with their current stay, did not intend to return to their current hotel but rather experience a new Hotel. It must be noted that this particular study was done at a Las Vegas strip property, and during a construction expansion of new-themed casinos, not at a local gaming facility.

Research into measuring gaming-customer satisfaction revealed that atmosphere had the greatest impact on slot customer satisfaction (Mayer & Johnson, 1998). Interestingly, atmosphere was not perceived in the tangible way of the physical environment, but rather from the intangible viewpoint using descriptive words such as warm and friendly. Management implications of this would include a basic understanding of the linkage between the customer service aspect and the atmospherics or servicescape. Management should also recognize the importance of knowing what attributes are important from the customers' perspective, not from preconceived definitions. Safety, courteous, and friendly employees ranked statistically higher, with respect to items of importance, than more tangible attributes (Pfaffenberg & Costello, 2001). The aggregate of the related literature suggest the following research question:

P7: Is the gaming experience for local players determined by the product offerings; or intangibles such as customer service, safety and atmosphere in determining repeat visitation?

Although there are approximately 36 million visitors to Las Vegas each year (LVCVA, 2004), local casino operators only generate a myopic amount of revenue from this segment, primarily based on the relatively low hotel room inventory. The primary focus is on the local Las Vegas market. This particular segment is estimated to be 1,650,000 according to the University of Nevada Las Vegas Center for Business and Economic Research (2004). Las Vegas has consistently ranked among the fastest growing cities in the United States for the past decade. To create a distinct competitive advantage, it is paramount to understand what attributes are of importance to casino patrons. Meeting or exceeding these expectations will have a positive effect on

increasing customer loyalty. Increasing customer loyalty will have a positive effect on repeat purchase intentions and thereby increase long-term profitability. In order to meet or exceed these expectations, local casino operators must have attributes that have a higher probability of attracting visitation. Amenities such as restaurants, bingo, movie theatres, live entertainment venues and bowling centers will likely increase the chance of visitation.

The following are additional proposed research questions:

P8: Is gaming the primary purpose or do movie theaters have a significant impact in determining repeat visitation?

P9: Is bingo necessary to determine visitation?

P10: Is gaming the primary purpose or will bowling centers have a significant impact in determining visitation?

P11: Is gaming the primary purpose or will live entertainment have a significant impact in determining visitation?

P12: Is the gaming experience for local players determined by the product offerings; or do intangibles such as safety play a factor in repeat visitation?

P13: How important are additional amenities of local casinos in determining repeat visitation?

CHAPTER 3

Methodology

The framework of research will follow (Zikmund, 2003), whereby phases of the research processes are followed: Defining the problem, planning a research design, planning a sample, gathering the data, processing the data, and formulating conclusions. The essence of business research is to generate precise and accurate information, which reduces uncertainty, for use in decision-making (Zikmund, 2003). In this case, insight into behavioral intentions, and expectations, will be collected using systematic and objective processes with respect to gathering, recording, and analyzing data. This descriptive business research is attempting to isolate determinants of repeat visitation in the Las Vegas local gaming market, based on the theory that customers have certain expectations and behavioral intentions with respect to choosing where to gamble. This theoretical concept (Figure 1) is based on exceeding the expectations of the casino customer, which will increase customer satisfaction, which fosters customer loyalty, which increases the probability of repeat visitation, which positively influences the profitability of the casino. The dimensional circle reflects the apparent relationship between the constructs and the probable outcome of the observed phenomena.

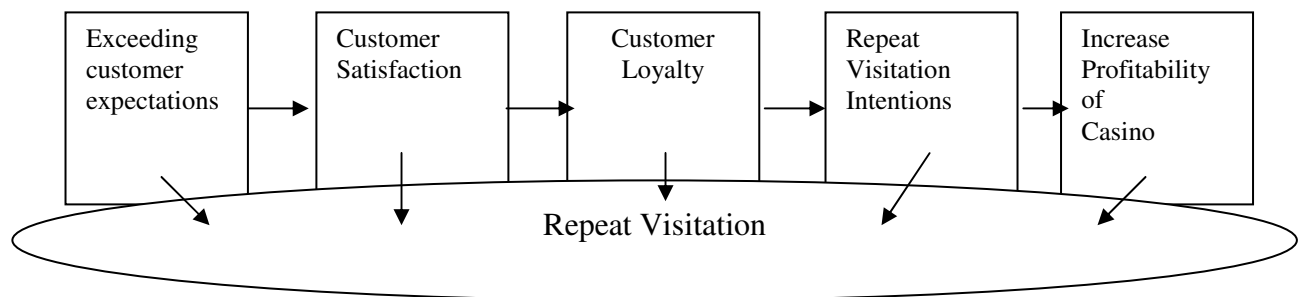


Figure 1 Theoretical concept: Expectations of Casino Customers

The proposed theory is a coherent set of general propositions, used as principles of explanation of the relationships of certain observed phenomena (Zikmund, 2003). The same literature defines concepts as abstractions of reality that are general ideas about a class of objects, attributes, occurrences or processes. These concepts or constructs are the cornerstone of theory development. In this basic research design, the purpose is to move from the abstract level of the conceptual model to the empirical level of testing the advanced hypotheses.

Research Design

The proposed research design includes two independent surveys. The initial survey is due to the absence of empirical data or some other baseline measurement. This is proposed as a convenience intercept sample survey and will be conducted at this particular Las Vegas local's casino, using 1,000 respondents. Full details will be described in the sampling section. The inclusion criteria will include that all respondents must be 21 of age or older, the legal age to gamble in Las Vegas, Nevada, and a Nevada resident. The basic research method to be used in the second survey is a self-administered questionnaire. This will be designed to capture demographic and psychographic information in the first part, measure preconceived determinants using a 5-point Likert scale in the second part, and solicit qualitative feedback in the third part, with respect to individual intentions or expectations of service quality and other important determinants of visitation. In addition, qualitative data should be solicited as to gain a better insight into the attitudinal, behavior characteristics, and intentions, along with

expectations of the local population. The analysis of the data may suggest further research is necessary to determine the causal effect of the findings.

Initial Survey Instrument

The initial survey will be a stratified convenience intercept survey, to be conducted at the entrances and exits of the casino. To reduce bias, the self-parking as well as the valet entrances will be used. The selection process will be randomized in the fact that every 10th person who crosses the threshold will be sought to participate. The purpose of the initial study is to gather data and to set the baseline and sample mean due to the absence of empirical data. The inclusion criteria of this sample will be that the respondent must be at least 21 years of age and must have been to the property in the past ninety days. The goal will be to collect 1,000 surveys. This should comprise of 500 respondents stratified from the players club, whereby players' card numbers are recorded. The second group of respondents should not be in the players club. This group should consist of non-players, as well as players who are not enrolled in a slot club, but do participate in gaming.

Second Survey Instrument

The second survey instrument will be a self-administered questionnaire answered by the respondent rather than by an interviewer. The argument could be advanced that the personal interview would be more effective in soliciting feedback or probing complex answers, especially in the qualitative section. The weakness of this technique is that there would be additional cost, lack of respondent privacy, which may be intrusive if these were intercept surveys, due to the actual win or loss for the player that particular day. The invasion of the customers' privacy may be an issue if the survey was to be taken at

home. Therefore, for this project, a mail survey instrument will use a self-administered questionnaire that will be sent directly to the respondents' home address.

Sample Selection

The slot-players club at this particular Las Vegas locals' casino currently has a database consisting of 500,000 players. Current monthly direct mail campaigns are developed using a sophisticated model of recency, frequency, and monetary (RFM) values to segment the list into five segments, A, B, C, D, & E. This letter grouping is congruent with theoretical expectations of casino players using the RFM model, with (A), being the most significant and (E), being the least significant. Offers are then formulated based on this theoretical model and tiered to one of five different segments (currently 50,000 offers are sent per month). The sample size for this survey will be 1,000 players' club members who have received a monthly mailer in the last 3 months. This may lead to a higher response rate, as these particular addresses in the database are routinely checked using "National Change of Address" software.

The sample will utilize survey instruments that are in self-administered questionnaire form with a cover letter. Cover letters allow the casino to personalize the questionnaire and articulate the importance of the enclosed survey instrument, communicating the specific respondent's vitally important insight, as well as any added incentive to assist in increasing response rates. These survey instruments will be directly mailed to the five levels or tiers, in direct proportion to the existing framework, which will allow a congruent representation of the current direct mail campaign.

Generalizability is important in this research due to the current business model that relies

on repeat customers for sustainability. Although the argument could be made that the Pareto Principle should dictate whom the target respondents should be. This may distort the findings, as income and other monetary variables could have additional implications on the overall analysis. The Pareto Principle assumes that 80% of your business is determined by 20% of your customers. In the casino environment, this would introduce a bias if the only target respondents were high-end customers and would not be representative or congruent with the existing database.

Limitations include that approximately 40% of the slot and video poker business does not come from carded play. This business research may need to be duplicated, but absent the relative player information of name, address, and phone number, perhaps intercept interviews could take place. Non-rated players could be mechanically monitored using the existing casino surveillance system and segmented according to the recency, frequency and monetary model. Observation studies in the gaming industry are a powerful alternative to traditional survey instruments. The framework (Zikmund, 2003) advances is that observation becomes a tool for scientific inquiry when it serves as a fundamental purpose; is systematically planned and recorded as it relates to general propositions; rather than being presented as reflecting curiosities and is subject to checks and controls on validity and reliability. This method allows the gaming operator to observe using visible, hidden, mechanical, and physical -trace methods and more often than not the direct approach. This information can be video taped and crosschecked with other systems to test validity and reliability. Video surveillance and the slot accounting function of the particular machines could be recorded and assist in this very difficult but abstract problem.

The proposed second survey instrument should first be developed from a focus group, consisting of a cross-section of the proposed sample of segmented slot players' club customers. Focus groups traditionally consist of between 6-10 people, preferably homogeneous, utilizing a moderator. This technique allows a relatively inexpensive pre-test of the survey instrument. Due to the quantitative and qualitative aspects of this survey, it would be wise to first run a trial and error and make modifications before spending capital, and not be able to effectively measure the desired objective. Management's preconceptions about customer service and the reality of customers' expectations and intentions are not always congruent. On the successful completion of this type of pre-test, meaning that there are no glaring problems with the directions or questions, a final draft of the survey and cover letter should be developed.

Data Collection

Important aspects of a successful research cover letter should begin with the purpose of the study, as well as defining who the recipient is and the importance of this customer responding to the survey. Explaining the usefulness and importance of this survey may lead to a higher response rate. Incentives or rewards for participating are often communicated next, followed by a direct number, in the event there are any questions that need assistance, and leading to the appreciation and closing of the letter. Once approved, a self-administered questionnaire and enclosed cover letter are typically outsourced to a company for printing.

Next, a third-party mail processing facility should be contracted with for processing, postage along with merging the database lists of addresses. Note, this can be done in-house, depending on the functionality of the current mail processing capabilities.

Implications may arise with respect to security of the proprietary database.

Confidentiality agreements along with intellectual property agreements should be drafted and executed prior to outsourcing the survey, due to the sensitivity of the database. The self-administered questionnaire should be simple and straightforward. This main survey instrument will originally be mailed to the respective respondents, using first class United States Postal service mail. The questionnaire will be sent, enclosing a postage paid, self-addressed envelope with a tri-fold questionnaire, addressed to the corporate office, specifically the Chief Operating Officer. As added incentive, respondents who complete the survey will be sent a cash offer equivalent to their current monthly offer, i.e. if they currently receive \$50.00, they will receive an additional \$50.00 offer. Privacy will be respected in the fact that non-responders will not be re-contacted or solicited.

The underlying purpose of this business research is centered on measuring behavioral expectations, intentions, and attitudinal responses to attitudinal objects to identify determinants of repeat visitation for slot players of a Las Vegas locals casino. There are inherent risks in the ability to accurately measure attitudes and behavioral expectations of casino slot players, with respect to reliability, validity, and sensitivity. Reliability is the degree to which measures are free from error and, therefore, yield consistency in the results (Zikmund, 2003). A potential problem with reliability in a casino environment is the fact that, more often than not, players are contributing to the profitability of the firm as opposed to collecting winnings. This may have a negative effect on reliable results, even though the customer service aspects were met or exceeded. Validity appears to be the most difficult criterion to address in this research. Although there will be common threads of congruency among respondents, arguably there may be

distinct differences in attitudes, expectations, and intentions. Extraneous variables could alter cognitive measurement.

In addition, due to the fact that the second survey is addressed to known slot club members, response bias or acquiescence bias could skew the actual results. Respondent bias may occur in this survey because existing slot customers may tend to answer questions with a certain slant towards anticipating what response management desires. Although this is a self-administered survey, acquiescence bias may also be a weakness for the above stated reason. The guest may feel slightly compelled to introduce bias, either consciously or unconsciously, to gain prestige or appear in a social role. Is this survey measuring what it is supposed to be measuring? Most likely there will need to be further research, as implications develop with respect to findings and this criteria.

Survey Questionnaire

The survey instrument will consist of 43 questions. The first 17 questions will be open-ended and closed-ended questions, gathering demographic, psychographic and frequency information. Frequency information refers to identifying the most recent visitation; frequency and monetary responses need to be crosschecked with the actual mechanical observation utilizing the existing slot accounting software. This system actually captures each time a customer inserts a player's card into a slot or video poker machine, recording coin-in, coin-out and jackpots. In addition, this information includes the time of day, time on machine, and type of machine, along with the denomination. The next 12 questions will use a five point Likert scale. The use of a 5-level Likert scale with a neutral midpoint is recommended so that respondents are not forced to give an opinion, if they do not have one (Mayer & Johnson, 2003); (Steiber & Krowinski, 1990).

The respondents will then be asked to indicate their extent of the agreement or disagreement and rate their response to each question in the following system:

- (1) strongly agree
- (2) agree
- (3) neither agree nor disagree
- (4) disagree
- (5) strongly disagree.

The last thirteen questions will be qualitative in nature. These questions will be open-ended questions that are structured to solicit customer feedback with respect to attitudes, expectations, intentions, and opportunity for improvement. Although objectivity is one of the cornerstone arguments of quantitative analysis, the qualitative proponents make a strong case of their own, highlighting a certain degree of subjectivity in the quantitative methodology. Subjectivity lies in the method sections with respect to what questions to ask; what statistical tools to analyze.

From the lens of senior management, the qualitative methods may allow the researcher to expand the limitations of traditional methods and focus on different dimensions of human behavior. These dimensions, particularly in the hospitality industry, try to measure attitudinal constructs such as feelings, expectations, emotions,

and other behavioral characteristics that lead to insight into customer satisfaction. In fact, one could argue that at the abstract level, quantitative results are in some form correlated with the qualitative data, with respect to the same issue. The objective in this study is to stretch the existing boundaries of traditional research in gaming by utilizing both quantitative and qualitative methods and further isolating results, using demographic and recency, frequency, and monetary characteristics. Successful application of this will allow senior management to gain better insight into the congruency of determinants of visitation among different theoretical and actual customer values. Theoretical defined as managements preconceived customer values.

The conversion of raw data into information requires that the data be edited and coded so that the data may be transferred in this study to a computer (Zikmund, 2003). The same literature recognizes editing as the process of checking and adjusting the data for omissions legibility, and consistency. This particular study will require manual data entry into a server or corporate network that will run the analysis portion. Implications of this include that there is an additional opportunity for operator error, which may lead challenges to the reliability argument. Each answer should be mutually exclusive and exhaustive in this survey. The fact that this survey instrument is utilizing open-ended and closed-ended questions may also lead to some subjectivity in the editing and coding of the raw data. Post coding will be used in the open-ended questions, which will assign categories after the data has been collected and is the catalyst in the argument of subjectivity; as this is entirely up to the researcher as to what categories the answers will be assigned.

Negative implications from a managerial aspect include that if the researcher thinks that management has preconceptions as to the results, it may introduce interpreter bias. Although highly unethical, the possibility does exist that a researcher may try to introduce results to gain future consulting jobs. This can be avoided by discussing the possible outcomes and the importance of reporting accurate results. Coding in this particular research could be defined as the assigning of a numerical value that corresponds to a particular question. This allows for the descriptive analysis as the process of transforming raw data into a form that is more practical, understandable, and easy to interpret. Once received, the survey instrument will be delivered to the Vice President of Information Technology for this casino. The input of the demographic and psychographic information, along with the quantitative data, will be entered into a spreadsheet program and segmented by the database grouping of (A, B, C, D, & E), which is consistent with the existing framework. The results of the quantitative and qualitative survey will be submitted immediately to the Chief Operating Officer for review by the same grouping of (A, B, C, D, & E). Respondents' players card numbers will be sent daily to the Slot Club to process their additional offer, corresponding to their most recent monthly direct mail offer. A list of respondents will be sent to the Director of Slot Operations for verification, as well as being an additional check and balance system.

The essence of tabulation is to arrange the data in an orderly fashion using tables or other summary formats such as percentages, cumulative percentages, and frequency distributions, (Zikmund, 2003). Demographic variables and psychographic variables, along with the results of the Likert scale, will be cross-tabulated to determine the degree of variability between the different groups. Cross-tabulation of data allows the results of

the survey to be put in a practical management framework that easily allows the user to interpret and analyze the significant findings. This research design would examine the relationship between multiple-segmentation variables of the players' club database and the correlation of the existing recency, frequency and monetary segmentation. These two descriptors may suggest a linkage that management is not yet aware of in determinants of visitation

T- test will be used to distinguish whether or not there was a distinct difference between male and female, as well as retired versus the customer who is employed full time. Outliers from the results must be screened and identified. Multiple Regression using SPSS will be used to determine what effect the independent variables have on the dependent variable. The data will be cross-indexed into the current recency, frequency and monetary model to determine linkage between segments.

The qualitative data will be summarized and categorized on a holistic and segmented basis. The interpretation of the qualitative data will be much more open to subjectivity and more difficult to interpret. Inferences should be attainable; such as x% believe there is room for improvement in the area of slot service response time on a Friday night. Management would be wise to analyze the data or perhaps have a Delphi study, whereby senior operations managers discuss the qualitative. Although the interpretation of this information is highly subjective, the insight into this type of consumer behavior may suggest opportunities to cement customer relationships, which is a critical path to obtaining a sustainable advantage.

The initial intercept survey sample mean will be calculated, the statistical significance determined, and will be used to set the benchmark. The data will be

summarized and the degree of variability will determine the relevant correlation between the dependent variable and the independent variable in the findings of the two surveys.

Summary of Research Questions and Hypothetical Findings

The predicted or preconceived findings are that there are distinct differences in what attributes will be important determinants of visitation between the two data sets of respondents. Gaming customers will rate the attributes of restaurants, customer service, loyalty programs, and security high, while non-gaming customers will rate restaurants, live entertainment, and movies higher. Ironically, both groups will rate convenience high or possibly highest, with respect to importance. The importance of loyalty programs and casino promotions will be partially rejected by non-gaming customers. The number of respondents that frequent the game will determine the results of bingo; this may or may not accurately reflect the visitation intentions. The gaming customers' experience for local players will be determined by the hold percentage; not so much in the mathematical equation, but the correlation of hit frequency combined with overall time on the machine. Another finding could reveal the long-term perception may be based entirely on jackpots won as opposed to actual hold percentage of the casino floor. The gaming experience for local players will be determined by the perceived level of customer service, as opposed to the product offerings, with respect to repeat visitation. Safety and atmosphere will be an important factor in determining repeat visitation with both data sets. Amenities of local casinos will have a positive effect on determining visitation. Movie theaters, along with other product offerings such as bowling, bingo, and live entertainment, will have a significant impact in determining visitation.

Research Limitations

This research attempts to extend the academic significance of the Las Vegas “locals” market. With some form of gaming in all but two states, this obviously increases the application. Attempts should be made to further this research using multiple-properties. A problem is apparent in Las Vegas, with respect to sharing data between gaming companies, due to the proprietary nature. Perhaps a solution would be for a multiple-property company, like Station Casinos, to replicate the study among all or several of their facilities to see if a pattern supports these results. The research results would be more reliable or congruent with the perception of what determines visitation in the local market. Companies will have to find ways to measure the relationship between loyalty and profitability, so they can better identify which customers to focus on and which to ignore (Reinartz & Kumar, 2002). In terms of individual customer segment profitability, what we know is that all customers are not equally profitable (Zeithaml, 2000). The same study revealed that we need to learn how to identify, reach, and respond to customers at different levels of profitability. This would validate, not only these findings increasing or decreasing the reliability, but more importantly, would give valuable insight into what the top performing customers want in the area of physical attributes. The proposed two thousand respondents will only represent a microcosm of the Las Vegas “locals” market.

Management Implications

Management in the Las Vegas “locals” market must recognize what attributes drive repeat visitation among casino customers. Especially, what a gaming customer wants as opposed to what a non-gaming customer wants. Interpreting the data between

the two groups of respondents, the first survey identified as non-players and the second group consisting of stratified players should lead to valuable insight. Management must also understand that the desires for certain attributes change over time. In 1986, the Gold Coast opened with two movie theaters, a revolutionary idea at the time. Although no empirical studies of Las Vegas local casinos are centered on the profitability of the theatres, there is observed linkage with respect to driving volumes of traffic. The fact that the primary competitive set continues to design this aspect into the new construction advances the theory that movie theatres are either a desired amenity or they perform from a financial perspective. Since 2000 almost all of the new Las Vegas local gaming construction or development has movie theatres as part of the physical servicescape. (Jack Binion, personal communication, 1996), stated that his father's philosophy was to "Do what your neighbors are doing, even if it was wrong". Bowling centers at Suncoast, Texas Station, Gold Coast, Sam's Town, and Orleans certainly typify that statement. The popularity of food courts could also support the convenience factor.

Technological advancements also impact the physical servicescape of casinos and management needs to be cognitive of this. Several key decisions need to be addressed for a new or existing locals casino when designing the casino slot and video poker floor layout with respect to denominations, machine type, as well as what slot system to use. Ticket-in Ticket-out has revolutionized the slot floor, enhancing customer service by reducing hopper fills and coin handling, as well as allowing the optimal use of multiple denomination, multiple game machines. These machines allow upwards of 12 games and twelve denominations on one machine. This allows the customer the flexibility of

wagering. The convenience factor is not mutually exclusive to physical location; it plays a role in the customer service aspect.

Customer service is much more than a buzzword for business consultants. To be successful, organizations need a paradigm shift toward a corporate culture that is centered on quality guest service. This should be adopted by senior management and executed at every level. Strategic Human Resource needs to be a focus; as this policy starts at the hiring process and evolves into training. Building a successful organization dedicated to quality guest service is most likely going to involve extensive training. It will be a short-term operational expense, but a long-term investment in the human capital theory, arguably our greatest asset.

Conclusion

Convenience is at the epicenter or cornerstone of the Las Vegas “locals” market. This is consistent with the number one rule in real estate: location. Although this study focuses on the interior dimensions ingress and egress should not be ignored in further research. Most of the local gaming companies’ properties are located around large residential communities with high density, or located off major section line corridors or collector roads. The demographic segmentation or profile includes practically all of Las Vegas; but more specifically, middle class as opposed to the very wealthy or high rollers. For gaming, a person needs time and discretionary income. Those two variables aside, convenience certainly will be a determinant. Since there appears to be a lack of distinction between product offerings in the gaming industry, one “X factor” appears to be customer service. Physical environment of the casino and geographic location of the

property are additional “X” factors that may contribute to the overall amenity package that determines visitation.

Gaming companies who operate in the Las Vegas “locals” market have several reasons to be exuberant. LVCVA, (2005) estimated this market to be \$3.26 billion annually, up from \$2.84 billion in the previous (LVCVA 2001/2002 Clark County Resident Study).

To duplicate this position in the market place would be next to impossible. The barrier to entry includes not only a thirty-year history in building brand equity and theoretically brand loyalty, but legislation passed in 1997 known as Senate Bill 208 (SB-208). The legislation significantly restricted the growth of new neighborhood casinos that were not master planned for gaming or that did not comply with the gaming overlay districts. The implications of this include the fact that it would be physically impossible to assemble the large number of properties that make up the company’s portfolio. The recent merger of Boyd Gaming and Coast Casinos is an example of competitive convergence or consolidation that apparently has been adopted for long-term strategies to offset the limited number of new growth opportunities. Competition can motivate casino firms to provide better services and products, hence benefiting customers (Gu, 2002).

Companies need to avoid complacency by continuing to focus on the core competencies of providing value with respect to food, entertainment, and gaming. Implementing an effective strategy with respect to CRM will enhance the probability of success. The object of loyalty strategy is to secure a greater share of choice and wallet from within a limited portfolio of brands, (Uncles, Dowling, & Hammond, 2003). Risks

include the fact that if local gaming operators started to increase hold percentages, which were closely aligned with the resorts that compete on the Las Vegas strip, there could be a massive customer defection. Companies need to be acutely aware of customer defection or retention, depending on which way one interprets the data. Lastly, gaming companies who compete in the “locals” market need a better understanding of what attributes drive repeat visitation of a gaming customer, as opposed to a non-gaming customer.

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Appendix

Casino Questionnaire

Demographic Information

1. Please indicate your Gender.
 - a. Male
 - b. Female
2. Your current residence, do you own or rent?
 - a. Own
 - b. Rent
3. Please provide your age _____.
4. Which of the following best describes your ethnic or racial group?
 - a. African American
 - b. Asian / Pacific Islander
 - c. Caucasian / White
 - d. Hispanic / Latino
 - e. Other
5. What is the approximate annual income of your household, before taxes
 - a. Less than \$20,000
 - b. \$20,000-\$29,999
 - c. \$30,000-\$39,999
 - d. \$40,000-\$49,999
 - e. \$50,000-\$59,999
 - f. \$60,000-\$69,999
 - g. \$70,000-\$79,999
 - h. \$80,000-\$89,999
 - i. \$90,000-\$99,999
 - j. \$100,000-149,999
 - k. \$150,000 or more
6. What level of education do you have?
 - a. High School Diploma or GED
 - b. Some college
 - c. 2 year associates degree
 - d. College degree
 - e. Master's degree
 - f. Ph.D, JD, MD
7. What is your current zip code _____?
8. How long have you been a resident of Las Vegas_____?

Psychographics Information

1. Do you or the head of the household work?
 - a. Yes
 - b. No

2. In the last twelve months, how often have you gambled in a Las Vegas casino_____?

3. Please list your favorite casino in Las Vegas to Gamble_____?

4. Are you enrolled in a slot or players club in Las Vegas?
 - a. Yes
 - b. No
5. If yes, please indicate or list by order of frequent use.
 - 1.
 - 2.
 - 3.
 - 4.

6. Do you have a gambling budget?
 - a. Yes
 - b. No
7. If yes, what is your monthly gambling budget_____?
8. Do you smoke?
 - a. Yes
 - b. No
9. Do you drink alcoholic beverages?
 - a. Yes
 - b. No

Attributes

Please indicate your degree of agreement to the following questions by circling one answer.

1. Restaurants are not responsible for your visitation to the casino.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree.

2. Your decision to play is based strictly on the hold percentages of that casino games.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

3. Customer service is not important to you in determining where to gamble.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

4. Loyalty programs or players clubs are not important in determining visitation.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

5. Convenience is not important in determining when you visit a casino, only the product offering.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

6. Safety in the casino is not important.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

7. Amenities of local casinos are important in determining visitation.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

8. Movie theatres are an important amenity in local casinos.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

9. Bingo is an important attribute in this casino.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

10. Bowling centers are an important attribute in this casino.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

11. Live entertainment is an important attribute for this casino.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

12. Direct mail offers or promotions are important to you when deciding where to gamble.

{1} Strongly Agree {2} Agree {3} Neither Agree nor Disagree {4} Disagree {5} Strongly Disagree

Qualitative

1. Please describe what quality quest customer service means to you in a casino environment.
2. How important is safety to you when you visit a casino?
3. Is convenience important to you when you visit this casino?
4. Please describe what type of live entertainment you enjoy?
5. Please describe what an exceptional dining experience is to you.
6. Please describe this casinos overall atmosphere.
7. What does the term hold percentage mean to you as a player?
8. If you designed a casino what amenities would you put in for your players?
9. How important is bingo to you as a player?
10. How important are the movie theatres to you?

11. Please describe the perfect players club or loyalty program.

12. Please describe the overall level of customer service you experience when you visit this casino.

13. How can we improve your experience when you visit this casino?

14. Thank you for participating in this survey. Please add any additional comments you may have concerning this casino.