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# Applying the service profit chain to the gaming industry, emphasizing on table games dealers, in Las Vegas

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Pro Paper:  
Applying the Service Profit Chain  
to the Gaming Industry,  
Emphasizing on Table Games Dealers,  
in Las Vegas

By

David Lee

## Part One

### *Introduction*

Gaming has been a significant part of the tourism industry in Las Vegas. Most gamblers come to Las Vegas hoping to win big, but are often disappointed. So what keeps people coming back time and again to contribute to Las Vegas' economy? The casinos and the gaming industry believe that the unique and individual service guests experience at their establishment is the primary reason why guests return. For example, at Harrah's employees are upbeat and positive in an effort to keep customers returning; at the Venetian the core value instilled in each and every employee is to provide unmatched guest services; and for Station Casinos, its customer retention strategy is for employees to provide services beyond guests' expectations.

All of the customer retention strategies point to one underlying theme: repeat business is the bread and butter of any organization, particularly in the service industry. Therefore, it is essential for Las Vegas casinos to invest in the planning, coordinating, and executing a corporate strategy centered on furnishing a high standard of service quality to all of its customers. In particular, casinos should dispense additional resources and allocate time to 1) recruit the highest caliber of employees to their organization, 2) educate their front-line employees on the importance of customer service in guest retention strategies, and 3) support employee retention by furnishing an incentive program that is consistent and fair. The time and resources invested in employee recruitment, training, and retention will result in overall profitability for the casinos. One of the basic theories of customer loyalty within the service industry is the Service Profit Chain. This paper will employ the principles established within the Service Profit Chain

as the basis for developing a comprehensive corporate strategy in delivering high service quality in the casino/gaming industry, with emphasis towards table games dealers. This comprehensive corporate strategy will allow front-line casino employees to provide a high level of customer service at every interaction with casino customers. In return, customers will become loyal and continue their patronage, resulting in higher profits and increased revenue.

### *Purpose*

Given that repeat business is at the core of profitable operations, particularly in the service industry, the purpose of this paper is to develop a comprehensive corporate strategy utilizing the theories behind the Service Profit Chain centered on front-line employees delivering a high standard of customer service within the gaming sector of the hospitality industry in Las Vegas, namely, the table games dealers. The comprehensive corporate strategy will focus on customer service satisfaction to increase loyalty and add value to the Service Profit Chain and can be a compliment to an overall human resources strategy. The efforts to develop and then successfully implement this comprehensive corporate strategy are a means of securing higher rates of repeat business among gamblers, reflected in higher returns and overall profits. Upon successful implementation, this comprehensive corporate strategy will be the cornerstone of customer service training for front-line casino/gaming employees.

### *Justification*

A comprehensive corporate strategy that increases the value of the Service Profit Chain is necessary because at the moment, there are several factors preventing the delivery of high quality service at every customer service interaction. The correct

personnel must be recruited at the onset of casino operations to ensure gaming customers are receiving an enjoyable overall experience at the casino. In addition, the proper training of gaming employees must be implemented to ensure that all employees know the objective of retaining customers and their primary role in achieving this objective. Gaming employees must be taught that their service delivery is the foundation of whether a customer decides to return to the casino and become a loyal patron. Thereafter, casinos must establish appropriate and fair incentives to retain the best gaming employees. Currently, the most productive table games dealers lack the necessary rewards and incentives for them to furnish a consistently high level of customer satisfaction. For example, tips earned by an individual are shared with all dealers during a twenty-four hour rolling period, rather than distributed based on performance. As a result, not all table games dealers are equally motivated to deliver a high degree of customer service. Internal politics and favoritism in the industry also are important factors in the level of dealer professionalism. This also affects the quality of services provided on a daily basis. To address these issues, the comprehensive corporate strategy (outlined in this paper) is aimed to remedy the primary issues that prevent a high degree of customer service in the gaming sector of casino operations. It is another positive way of returning high service quality to the customer service experience, in a manner consistent with retaining profitable customers and improving the operation's bottom line.

### *Constraints*

Human behavior is a very complex issue. Many disciplines address the study of human behavior and offer suggestions regarding the emotional and social problems at work. Therefore, the development of a comprehensive corporate strategy in delivering a

high standard of customer service in this paper can only contribute to the conclusions from prior studies on human behavior. Thus, this is not a solution that is generalized to a stated problem and is constrained by reinforcing the conclusions of previous studies. The purpose of this comprehensive corporate strategy is not to reveal new thoughts on human behavior, but to use past conclusions in applying them to the Service Profit Chain framework in the gaming industry.

## Part Two

### *Literature Review*

In casino table games, the dealers are the service providers and the product is the customer service experience that guests encounter while playing at the tables. It is impossible to separate the server from the service, as the server is representative of the service at a given casino establishment. Therefore, guests are really buying their experiences with customer-contact casino employees when they are engaged at the table games. This inseparability of the server from the service emphasizes the importance of table games dealers in delivering quality service to guests and is the ultimate assessment of customer loyalty. If customers consistently experience a high level of quality service while engaging with the table games dealers, there is a greater possibility that the casino will be rewarded with their loyalty. Customer loyalty in the service industry represents three distinctive characteristics: repeat business, spend more, and refer friends, family, and work associates (Zeithaml, Bitner, & Gremler, 2008).

Therefore, managing employees to ensure gaming customers experience quality services should be an integral part of the casinos' overall retention strategy; hence, the comprehensive corporate strategy for dealers in the gaming sector of the hospitality

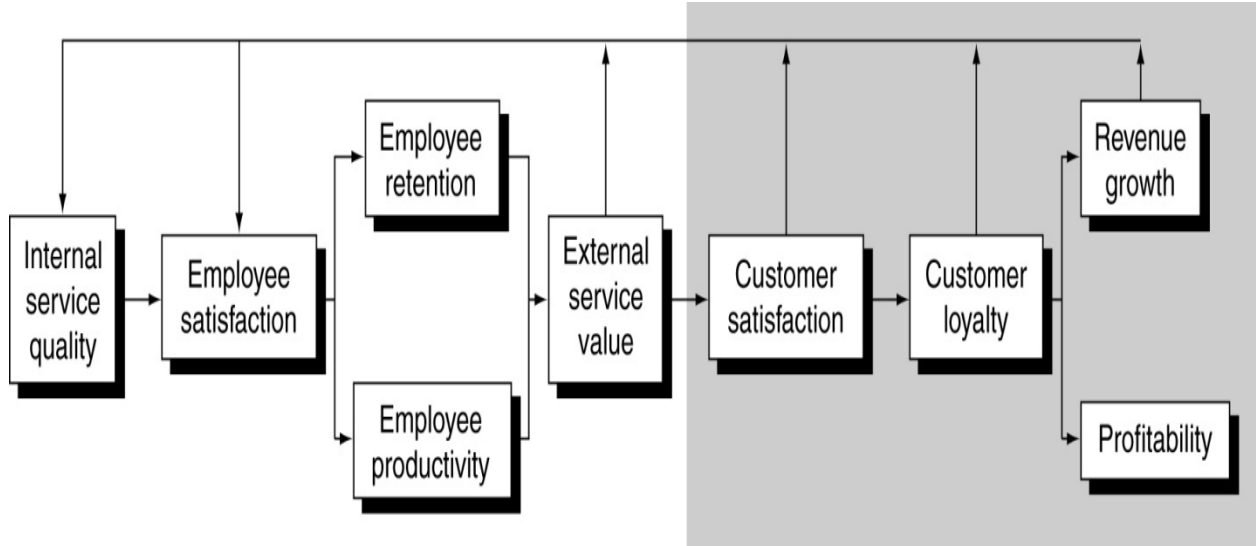
industry in Las Vegas. However, many casinos in Las Vegas confront major issues with employee turnover and employee morale, which in turn negatively impacts productivity and service quality. This ultimately leads to eroded profits and lower levels of customer satisfaction.

An analysis of the research literature reveals two key themes addressing the issues of 1) connection between the server and the service, and 2) rate of employee turnover and productivity that informs the creation of a comprehensive corporate strategy. The primary themes within the research literature established the necessary guidelines in the development of the comprehensive corporate strategy for gaming employees in the casino services industry. In an effort to add value to the Service Profit Chain framework within the gaming industry, the comprehensive corporate strategy works to address the issues that prevent table games customers from receiving high quality customer service at every interaction with a table games dealers—the front-line casino employees. However, prior to consulting the research literature, it is necessary to define the Service Profit Chain (SPC) and how this comprehensive corporate strategy will work to add value to its processes.

#### *The Service-Profit Chain*

The SPC framework was first introduced in an article in the *Harvard Business Review* by Heskett, Jones, Loveman, Sasser, and Schlesinger (1994). The key components of the model are as follows: profit and growth are stimulated primarily by customer loyalty and is represented in Figure 1 below:

Figure 1. The Service Profit Chain.



Source: The Service Profit Chain, Heskett et al., 1997

Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, loyalty, and productivity, in turn, result primarily from high-quality support services and policies that enable employees to “wow” customers. The objective of the SPC is to provide a blue print for understanding how an organization's investments in service quality are linked directly to customer perceptions and behaviors, and how they translate into revenue growth. A few years later, *The Service-Profit Chain* (Heskett, Sasser, & Schlesinger, 1997) book was published advancing the importance of the links in the service profit chain. In applying the SPC framework to the gaming sector of the casino industry, this model establishes and confirms the importance of a comprehensive corporate strategy in an effort to retain loyal customers. The parts comprising the service profit chain are directly linked to previous parts of the chain. Therefore, it is important to recruit the appropriate personnel at the



onset of gaming operations. Corporate policies must be established and in place to ensure a high level of front-line employee satisfaction, which results in increased employee productivity and service quality. This will also diminish the employee turnover rate and casino dealers will be properly rewarded with fair and just incentives for delivering a high level of customer service to achieve a high level of customer satisfaction. This eventually leads to customer loyalty, repeat patrons, positive word-of-mouth marketing, and sustained profitability.

Since the inception of the ideology that revenues are driven by the value the customer derives from services provided, there have been a number of significant studies by scholars and practitioners all over the world--testing the SPC framework. Perhaps the most widely known case is its application at Sears (Rucci, Kirn, & Quinn, 1998). For decades, Sears had profited from their competitive strength of understanding what the U.S. consumers wanted, fulfilling their changing needs. However, beginning in the 1980s, Sears diversified from their core competence, retail, into many different businesses. While Wal-Mart, was focusing strictly on the retail consumer and were gaining market share with fierce momentum. In 1992, after a series of disappointing financial performances, Arthur Martinez, the chairman and CEO at the time, decided to rebuild the company around its customers. Martinez, together with a group of more than a hundred top level Sears executives developed a business model, the employee-customer profit model, to track management behavior, employee attitudes, customer satisfactions, and financial performance. In examining 800 Sears stores, they discovered that a 5% increase in employee attitude scores resulted in a 1.3% increase in customer satisfaction and a 0.5% increase in revenue. This study confirms the premise of the SPC framework

by empirically showing the connection between the rates of employee satisfaction and overall profitability. Customers translated their satisfaction with Sears to higher customer service standards. This then translated into higher rates of customer satisfaction, and later increased revenues.

In addition to the major US department store retailer Sears, there have been additional research studies done at a major Brazilian bank (Kamakura, Mittal, Rosa, & Mazzon, 2002); the hospitality industry in Europe (Kassinis & Soteriou, 2003); Mexican hotels and supermarkets (Maranto & Reynoso, 2003); and a Chinese securities firm (Xu & Van Der Heijden, 2005). These are just a sample of the national, cultural, and industrial boundaries that the fundamental principles of the SPC have transcended. The majority of the studies have provided empirical data that validates the applications of the SPC framework. A common link between all of the empirical studies is that they were conducted in the service industry. All of them inform the formation of a comprehensive corporate strategy in the service marketing industry.

However, an empirical study of one of the United Kingdom's four largest supermarket chains (Silvestro, 2002), showcased evidence that challenges the validity that employee satisfaction and loyalty are key drivers of productivity, efficiency, and profit. The research revealed an inverse correlation between employee satisfaction and the measures of productivity, efficiency, and profitability: the most profitable stores are those in which employees are least satisfied.

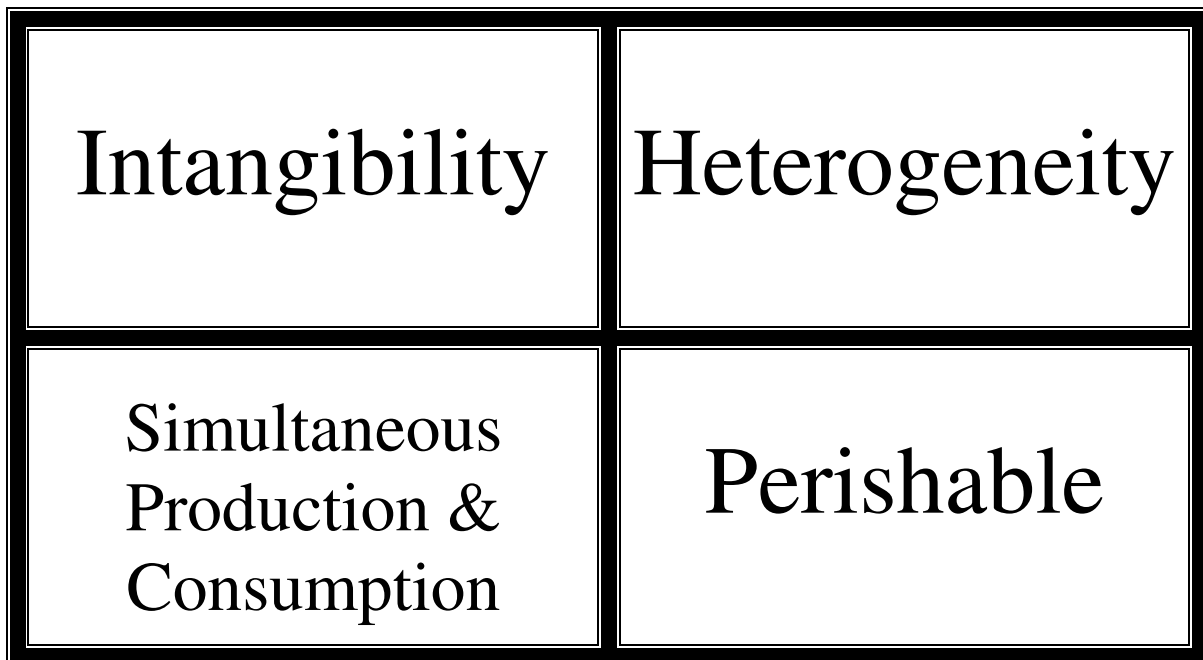
Despite the empirical evidence, Silvestro cautioned readers when explaining the findings that the employee satisfaction measures were based on a very small sample size. Furthermore, the study suggests that the relationship between employee satisfaction and

business performance is contingent upon service context. The longer the customer comes in contact with employees the more relevant the empirical data pertains to the fundamentals of the SPC. In this case, customer contact with employees was relatively low.

### *The Service Industry*

According to Lovelock and Wirtz (2007), there are four distinct and defining characteristics to the service industry that needs to be addressed prior to effectively marketing services to customers. This coupled with the SPC framework allows the review of the research literature to establish the foundations for the formation of a comprehensive corporate strategy for dealers in the gaming sector of the hospitality industry in Las Vegas. In their illustration, customer service is separate from marketing products and goods in four primary ways shown in Figure 2 below:

Figure 2. The four primary differences between goods and services.



Source: Service Marketing: People, Technology, Strategy, Lovelock & Wirtz, 2007

Services, unlike products and goods are not physically tangible. Therefore, defining and improving quality is challenging. Yet, one tangible way to defining the quality within the service industry is the rate of customer loyalty, repeat customers, rates of customer retention, and sustained profitability. Because services are also intangible, testing new services is also a challenge. Therefore, employing a new training process for front-line employees has no tangible way of producing outcomes that can be consistently measured (Lovelock & Wirtz, 2007). The successful implementation of a new service is evident in the reactions and behaviors of customers. The implications of intangibility in services also present a challenge in readily communicating to customers the high quality of customer service. Because customers are not tangibly experiencing a product or good, the only way for customers to know they received a high standard of customer service is to “experience” it.

Customer service, in addition to being intangible, is also heterogeneous. Given the wide variety of personalities and other variables in the delivery of customer service, not all service is the same. Some personnel may deliver a higher standard of customer service that is completely different from another service provider. This may be evident despite the fact that they have the same training, have the same sets of responsibilities, and work under the same general conditions. This variability in the level of customer service, dependent on the personnel, is an essential consideration in the formation of a comprehensive corporate strategy. The strategy effectively needs to be homogenous to counteract the heterogeneity of the service provided to customers. Heterogeneity in services is consistent with the notion that there are uncontrollable factors to the delivery of high standards of service quality. In addition to the variability in personnel are other

factors outside the control of the organization. As noted earlier, human behavior is not a science and emotional issues must be taken into consideration in an effort to standardize services at a high organizational level. This is a formidable challenge given that the levels of customer satisfaction are wholly dependent on the actions of employees, delivering the customer service.

Given the nature of the service industry, customers also impact the quality of the service, its delivery, and the overall standard and quality of the service. This is evident in that services are simultaneously produced and consumed at the same time, meaning customers participate in and affect the service transaction. In addition, customers affect each other in the delivery of high quality service. In the gaming industry, the actions of one particular customer at a table game have an overall impact on other gamblers at the same table. While the front-line employee may be delivering outstanding customer service, an unruly patron can negatively impact other patrons from enjoying the service quality of the dealer. While producing the service, customers are simultaneously consuming the service, in relation to their own actions and those around them. In the formation of a comprehensive corporate strategy, this factor needs to be a careful consideration in maximizing the overall customer service standards at every interaction with patrons.

A final note on services is the notion that services, unlike products and goods, are not perishable (Lovelock & Wirtz, 2007). Therefore, the service cannot be returned or resold. Rather, because the customer service is not perishable, service recovery is much more challenging. If a customer has a negative experience with a product or good, a simple exchange or a refund is available. However, if a customer experiences a negative

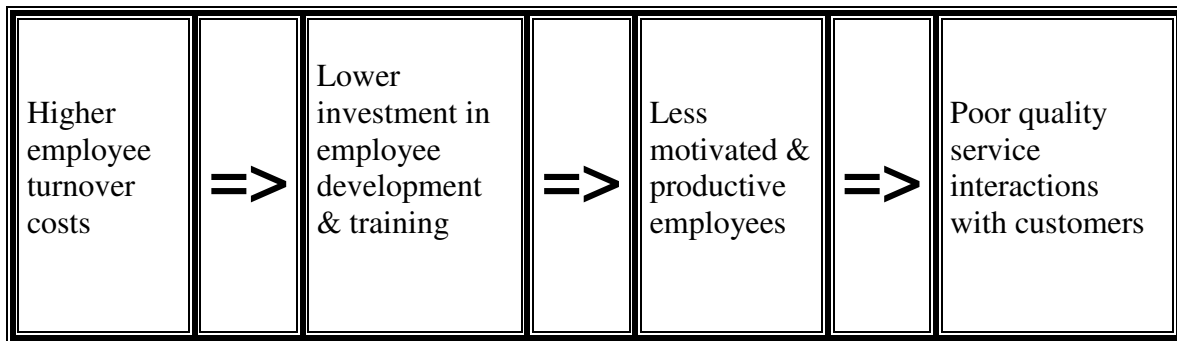
service encounter, there is no exchange for that service. Rather, the lifetime value of the customer as a repeat customer is lost. Because services are not perishable, cannot be returned or resold, the experiences (positive and negative) have much more of a lasting impact in relation to future transactions. Because you never get a second chance to make a good first impression, the customer service experience in the comprehensive corporate strategy must take into consideration that there is a lifetime value to every customer service interaction. Given the four primary characteristics of service, marketing and executing the service is essential to sustained profitability. As noted in the SPC framework, the rewards of a loyal customer, in addition to their lifetime value are a focal objective for casino/gaming operations. This is abundantly evident in an examination of the research literature.

#### *The Server & The Service*

According to the research literature, a primary theme in the service marketing industry is the following: the service provider is the service (Milliman, Ferguson, & Czaplewski, 2008). This is particularly evident in the service industry where market research has identified and detailed 3 types of employee behaviors that are linked to the impact of customer service outcomes: 1) employee response to service failures, 2) employee response to customer needs and 3) employee response to unprompted and unsolicited requests. Failure to effectively manage the service provider in a customer focused industry results in something Milliman, Ferguson, and Czaplewski define as the “cycle of failure.” A primary cause of the cycle of failure is low employee satisfaction that translates into poor productivity and high turnover rates. Eventually, the cycle of

failure impacts the most important part of the SPC framework—customers (2008). This cycle of failure is illustrated in Figure 3 below:

Figure 3. The Cycle of Failure.



Source: Breaking the Cycle, Milliman, Ferguson, & Czaplewski, 2008.

Acknowledging the server and service inseparability, the SPC framework establishes a set of processes and procedures to support front-line service employees, with efforts to incorporate better training, improve job design, create pay incentives, and other investments on employee job satisfaction (Heskett et al., 1997). Efforts to improve and invest in front-line employee development and job satisfaction, results in reduced employee turnover. This translates into higher productivity, quality customer service and ultimately- higher customer loyalty and sales (Johnson & Chiagouris, 2006).

Additional research studies confirm the relationship between a highly satisfied front-line employee and highly loyal customers (Brooks, 2000). According to Brooks, more than one-half of customer satisfaction levels and customer loyalty was influenced by the relationship between employees and customers. While the data in this study also indicated some variability in the results of the SPC framework on front-line workers, the shortcoming was explained by a lack of attention to personal life constraints that front-

line employees may confront on a daily basis. Past studies of the SPC framework addressed primarily work-related issues such as pay, training, and job design. Beyond the working conditions of front-line employees, instability in personal affairs and a lack of access to resources aimed at addressing personal issues, may contribute to employee satisfaction. Lack of access to adequate daycare when a child is ill, a reliable means of transportation to work, or access to health insurance may be examples of personal life issues that can compromise a front-line employee's ability to perform their daily responsibilities at a high level.

Another link in the importance of the employee satisfaction and customer satisfaction is revealed in the research literature that examines how certain corporations are addressing the personal and family issues of front-line employees (Kim, Lopez, & Bond, 2003). Efforts to increase the levels of job satisfactions of front-line employees have resulted in corporations attempting to aid in child care needs, access to information on affordable health care, and other services that are particularly important to this segment of the working population. In the formation of a comprehensive corporate strategy, breaking the cycle of failure and enacting the best policies to diminish employee turnover are key considerations to successful implementation. Corporate policies to curtail uncontrollable forces that may impact high standards of customer service delivery are also necessary in developing loyal and repeat gaming customer base.

#### *Employee Turnover & Productivity*

Milliman, Ferguson, and Czaplewski contend that the service market industry has historically reflected high employee turnover rates (2008). According to the U.S. Bureau of Labor Statistics, there was a 72.6% annual turnover rates in the leisure and hospitality



industry in 2006. A primary reason for the high rates in turnover is how satisfied front-line service workers are with their daily responsibilities. Low job satisfaction results in poor treatment of customers. Given the historically high rates of turnover in the service industry, many corporations have not adequately invested resources in improving employee job design, comprehensive training, incentive pay structures, and other internal practices to address the high rates of turnover. Employee investment on a worker population with a high probability of turnover is perceived as a high opportunity cost. However, corporations have failed to recognize that this results in a self-fulfilling prophecy. Front-line employees react to the lack of investment in their training and pay structure with boredom, low motivation, poor job performance and higher turnover rates. However, the research literature confirms that there is a causal relationship between employee satisfaction, customer satisfaction, and profitability. (Oliver, 1997; Reichheld, 1996; Rust, Zahorik, & Keiningham, 1995; Estelami, 2000; Heskett et al., 1997). Therefore, this new comprehensive corporate strategy augmenting the SPC framework is an effort to focus attention and detail to the satisfaction of front-line employees. Given the support in the research literature, it is antithetical and contrary to corporate success not to invest and train front-line employees. The characteristics of customer service further contends that the gaming industry needs to re-evaluate their human resource strategy and incorporate policies that not only diminish turnover rates, but returns the focus and attention to the importance of the front-lines in their interactions with customers.

The primary negative consequence linked to low employee satisfaction is high turnover rate. The research literature indicates that seasoned and more knowledgeable

employees help an organization's overall performance (Hurley, 2002; Kim, 1993). Other evidence in the research literature confirms that higher levels of employee turnover can lead to lower levels of customer satisfaction (Schneider & Bowen, 1993). High employee turnover may not only be reflected in poor working conditions, but it may also be reflected in the loss of experienced employees. This results in strained relationships between seasoned and established customers, resulting in negative effects on the bottom line. Having seasoned employees reinforcing components of the comprehensive corporate strategy is another means of sustaining customer loyalty. Defection to competitors is another factor in limiting the rates of turnover, particularly for those front-line workers with the ability to share your organization's competitive advantage with rival organizations.

Aspects of the employee and customer interactions, and its relationship to the quality of service: the speed of delivery, the physical atmosphere, and employee behavior are also reflected in the research literature (Parasuraman, Berry, & Zeithaml, 1991; Zeithaml, Berry, & Parasuraman, 1996). In particular, employee behavior is considered to be an especially pivotal role in consumer satisfaction with service encounters (Bitner, Booms, & Mohr, 1994; Estelami, 2000; Estelami & DeMaeyer, 2002; Keaveney, 1995). It is evident that low satisfaction among employees greatly influences the behavior of front-line employees—positively and/or negatively reflected in the interactions with customers. Some research studies have also shown a positive relationship between employee satisfaction and customer satisfaction ratings (Schlesinger & Zornitsky, 1991). The quality of the encounter between front-line employee and the customer may be a result of improved employee incentives, comprehensive training, and strategic choices in

front-line employees. According to the research literature, this quality service encounter between a highly satisfied employee and a highly satisfied customer results in customer loyalty (Anderson, 1994; Fornell, 1992). All of this supporting research literature will prevail in the successful creation of a comprehensive corporate strategy that will result in overall sustained profitability. The bottom line of any service industry is to cater to the needs of their best customers. The better your front-line employees, the higher the return on that investment in employee recruitment, training, and retention.

### *Industry Service Standards*

In addition to the SPC, the characteristics of customer service and the literature review, the comprehensive corporate strategy will be informed by the exceptional service standards required by the more prominent casinos in Las Vegas. These standards include service performance on how to build customer loyalty through great service and recovery from service failures. Technical skills required in delivering fast and accurate service to both internal and external guests. And the power of teamwork, to work together with co-workers and supervisors to actively listen to what customers are saying to develop innovative customer relationship management (CRM) strategies. From theory to practice, marketing efforts are directed towards maintaining long-term customer relationships so that companies may create and foster meaningful and valuable customer loyalty, which to some extent equates into higher transactions and higher profits (Bolton, 1998).

### *Implications*

The importance of employee satisfaction in the SPC model and its relationship to increased productivity and customer loyal is the basis for the creation of a comprehensive

corporate strategy. Combining the fundamental elements within the SPC framework, the characteristics of customer service, with the highest industry service standards, this comprehensive corporate strategy for table games dealers will focus on long-term success by strengthening the effectiveness of individuals and increasing their potential for greater contribution within the organization.

### Part Three

#### *Research Methodology*

To address the primary objective of creating a comprehensive corporate strategy for dealers in the gaming sector of the hospitality industry in Las Vegas, the following research methodology was employed. A collection of current procedural manuals, employee handbooks, participant workbooks, customer service surveys, dealer evaluation sheets, and other primary data were consulted as the basis of developing the corporate strategy. These materials were gathered by means of former and current employment; the employers include: a *five star* casino hotel resort in the heart of the Las Vegas strip with more than 8,000 rooms, a local casino hotel chain that operates more than a dozen casinos in the Las Vegas valley, and a national casino hotel chain that operates dozens of casinos all over the United States. Human resource policies consistent within the gaming sector were also employed to inform the process of recruitment and retention strategies. Rather than creating a completely brand new set of policies and procedures, it was necessary to analyze 1) the current standards of high quality customer service for table games dealers, 2) the procedures required to furnish the service, and 3) determine the service gaps to customer satisfaction and loyalty. In addition, an analysis of the primary data was necessary to determine areas that consistently did not address the two themes

from the literature review namely: 1) connection between the server and service, and 2) employee turnover and productivity. Current processes and procedures are effective, but did not address the issues of a lack of rewards and incentives for table games dealers to furnish a consistently high level of customer satisfaction, as well as the internal politics and favoritism in the industry. (This information was gathered first hand through years of working as table games supervisor for the above mentioned employers.) In addition, it was necessary to define the population of table games dealers to determine if there should be specific training for dealers from all three shifts; namely days, evening, and over-night; and the variety of games dealers worked: Roulette, Craps, Black Jack, Baccarat, Pai Gow Poker, and novelty games such as: Three Card Poker, Let It Ride, Texas Hold Them, Four Card Poker, and Caribbean Stud.

A cursory analysis revealed that a primary aspect of the comprehensive corporate strategy is to establish incentives in their daily responsibilities, in an effort to reaffirm the importance of the front-line table games dealers to the overall profit strategies of the organization. A just and fair incentive program would also parallel the importance of retention strategies and sustaining customer relationships with one of the most profitable sectors of the gambling base. After the necessary incentives were detailed, efforts to combat employee turnover and increase worker productivity were investigated in the primary data. A compilation of several manual, guides, and training procedures, coupled with the literature review furnished a starting point in the formation of the comprehensive training guide. Successful implementation of this guide will add value to the SPC framework, and address the current shortcomings in the lack of incentives to provide high quality customer service at every encounter with table games customers.

## Recommendations & Conclusion

### *Components of the Comprehensive Corporate Strategy*

The comprehensive corporate strategy has three primary components and mirrors the SPC framework (Heskett et al., 1997). It also takes into consideration the four characteristics of service marketing: intangibility, heterogeneity, simultaneous production & consumption, and perishability (Lovelock & Wirtz, 2007). In an effort to break the cycle of failure and sustain the best relationships with customers, this comprehensive corporate strategy aims to reverse the long-standing trend to take front-line employees for granted (Milliman et al., 2008) and reassert their importance to the organizational model within the gaming sector of the hospitality industry in Las Vegas. Informed by the research literature, this corporate strategy is a necessary step in retaining the best customers and ensuring sustained profitability.

*Recruitment.* The SPC framework starts at the beginning with the selection of the most appropriate employees to work in the gaming sector of the hospitality industry in Las Vegas. Given that front-line employees are essential to establishing the necessary long-term relationships, the recruitment process is the most essential component to the comprehensive corporate strategy. Traditionally, recruitment of table games dealers begins with an audition, rounds of interviews, and the necessary background checks prior to hiring. However, this comprehensive corporate strategy consists of additional requirements for selection and hire.

While it is essential for table games dealers to have the necessary skills to conduct the game, that is the bare minimum requirement for the selection process. The

recruitment process must be more rigorous than the traditional formats and establishes the tone from the organization that selection of table games dealers is the most important task that the organization enacts. The tone is set by communicating that working at this casino, as a table games dealer, requires a higher set of qualifications beyond the traditional mix of attributes and skills. This becomes evident when, in addition to the audition, rounds of interviews, and background checks, prospective employees are given a personality test. The personality test is looking for extroverted candidates that have the ability to not only interact with customers, but perform. Given the intangible nature of customer service, the extroverted performer, able to “wow” the audience of gamblers will serve a greater purpose in establishing the foundations of a long-term relationship. Since customers can impact the overall service experience, the table games dealer must also be able to spin any negative situation into a manageable situation where all customers gain from the experience. Therefore, the recruitment process is not simply a matter of hiring a person, but ensuring that person is the appropriate fit, in delivery a high standard of customer service. While almost anyone may be able to work a table game, it is essential to hire a dealer that can not only conduct the game, but also begin the relationship-building process with customers at the very first customer service interaction, and to do so with each and every customer.

Given that recruitment of table games employees is the most essential part of the comprehensive corporate strategy, it will be conducted at the highest levels of the organization, confirming the importance of the position. The President/CEO should have a meet and greet with every potential table games dealer during the hiring process and

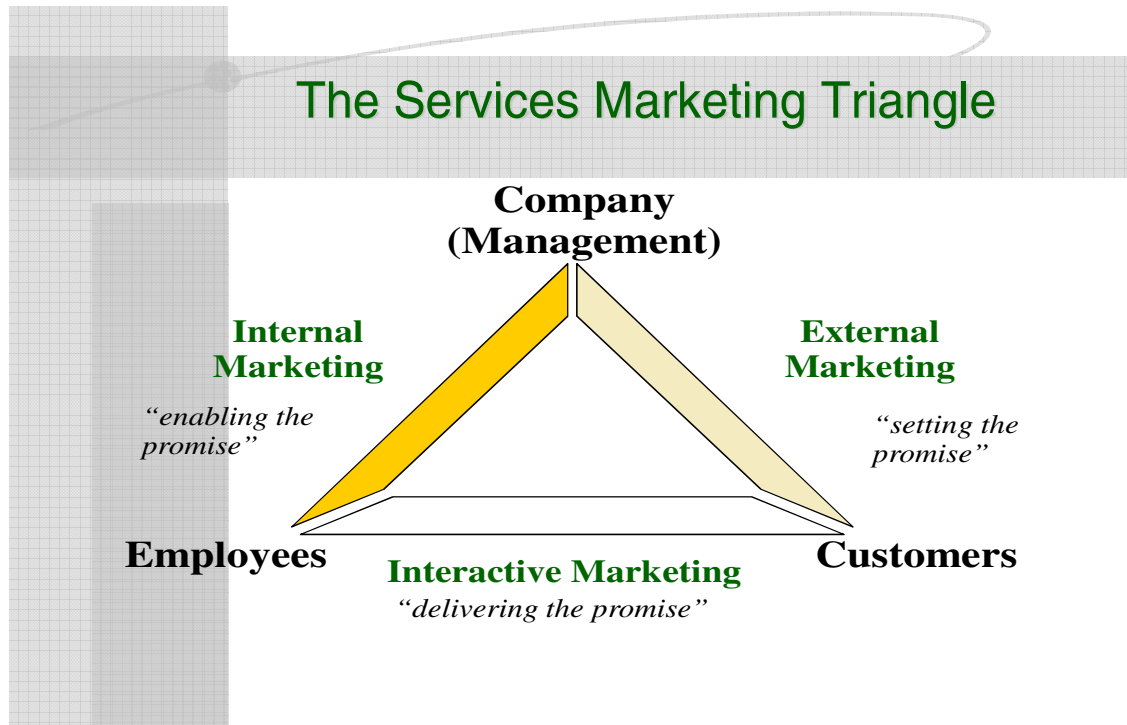
allow the message to be reinforced that front-line employees are the cornerstone of the gaming sector of the hospitality industry in Las Vegas.

The recruitment process will also involve seasoned table games dealers, experienced to know the qualities and characteristics essential to symbolize the highest standards of customer service. Because they are choosing member of their ranks, their insights and opinions to the qualifications of the future colleagues should be taken into serious consideration prior to the official hiring of any table games dealer. This will reinforce the position that front-line employees have voice and importance in the governance of the casino.

*Training.* The traditional training format of table games dealers may be a week-long series of seminars and sessions to introduce the front-line employees the policies and procedures governing time off, healthcare benefits, stock options, work safety, and a host of other topics consistent with indoctrinating the employees with the rules of the casino. The seminars may emphasize the logistics of each table game and how policies are applied in their daily responsibilities. However, table games dealers are rarely introduced to the service marketing triangle. The traditional service marketing triangle is represented in Figure 4 below:



Figure 4. The traditional service marketing triangle.

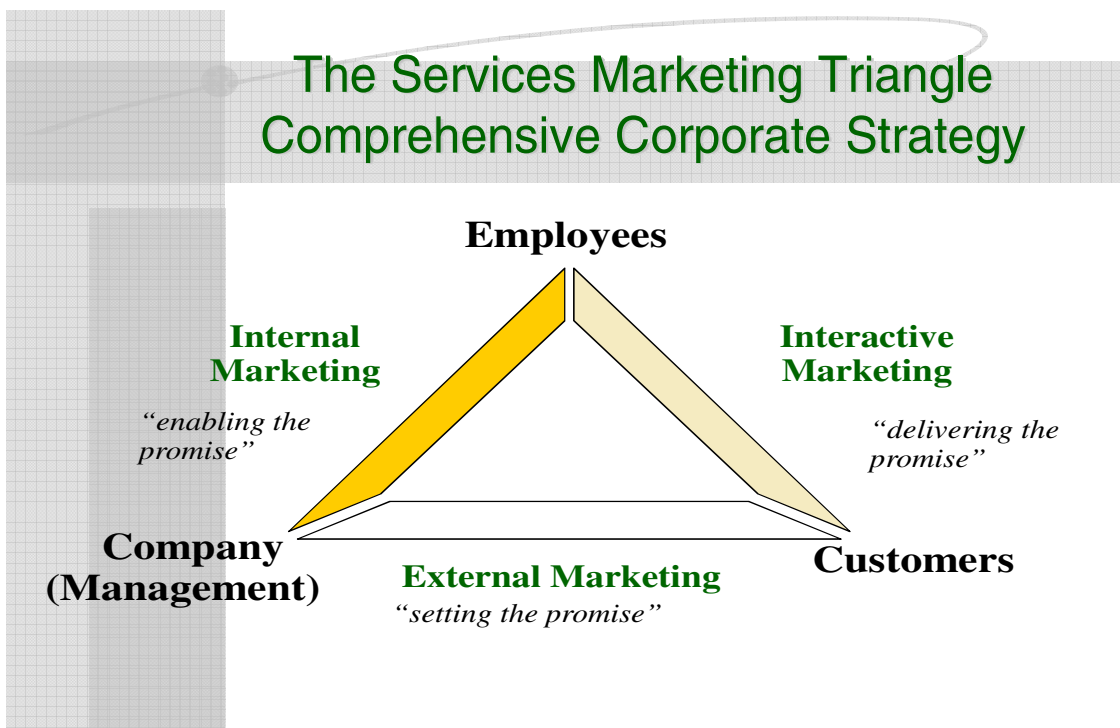


Source: Service Marketing: People, Technology, Strategy, Lovelock & Wirtz, 2007

The employees are noted at the left corner of the service marketing triangle and are introduced to their roles in delivering the promise made to customers by the organization and are a part of the interactive marketing process. While this traditional diagram informs employees of their proper role, it is inconsistent with this comprehensive corporate strategy. Rather than the company and management at the apex of the services marketing triangle, the employees, and specifically table games dealers should be repositioned at the top of the service marketing triangle. The importance of this repositioning is considerable since it reinforces the cornerstone importance of their roles and responsibilities to the overall sustained profitability of the casino. It further advances the themes that their central role and responsibilities in catering the needs and interests of

customers is the primary objective of the entire organization. The message during the training process is to convey to the newly hired employees that the organization is a set of mechanisms working to allow front-line employees to do their jobs at a high standard of customer service. As Figure 5 shown below, employees have a new prominence in the organization:

Figure 5. The new service marketing triangle with an emphasis on employees.



Source: Service Marketing: People, Technology, Strategy, Lovelock & Wirtz, 2007

No longer will employees feel that they work for the organization. Rather, they will be told that the organization is in place to allow them to do their job functions at the highest levels. Therefore, management is a structural resource to allow front-line employees to essentially serve the needs of customers and establish the relationships that will result in

sustained profitability. Managers will no longer be supervisors, but organizational resources to help front line employees deliver the highest levels of customer satisfaction. This new theme will be the featured lesson of the training sessions upon being hired and will be reinforced through the retention process, as front-line employees recognize and affirm their new position within the organizational structure.

*Retention.* With the selection of highly qualified and appropriately matched front-line employees, it is necessary as an organization to sustain their services with a fair and just retention program. Rather than perceive the high opportunity cost of investing in employee training and development, this comprehensive corporate strategy endeavors to break the cycle of failure by diminishing the turnover rates among the ranks of the table games dealers. A primary way to retain highly qualified front-line employees is just compensation. This comprehensive corporate training strategy works to offer a higher salary rate, in comparison to the industry. Because more expectations and qualifications are need, the justifications are that those recruited through this newly selective process will garner a higher base salary. In addition to a high base salary are the tokens offered during shifts. Rather than tips being pooled in any given shift, each table game dealer will keep whatever tips made during any shift worked. However, the tokens received at any shift will pale in comparison to what the casino may make in returning customers. A part of this comprehensive corporate strategy is to reward table games dealers able to have gamblers return to their table games for any extensive length of time. While player tracking is already in place, this comprehensive corporate strategy advances a program that not only tracks player actions, but player actions associated with any given table games dealer. In the same way that ratings are established for players to track their

gaming activities, a parallel system that tracks the actions of players associated with a particular dealer will also be set in place. Returning gamblers coming back time and again because of the customer service performance of a given dealer will result in additional compensation for the dealer, such as a paid vacation for two and recognition as employee of the year. In this manner, there will be a direct relationship with the ability to serve customers with high levels of service and the monetary rewards to that particular server.

However, fair and just compensation is only a part of the retention strategy. It is essential to convey to front-line employees their overall importance to the organization, and to the processes of casino operations. This requires giving voice and additional responsibilities beyond working a table game. Special committees, with membership from seasoned table games dealers to help with the recruitment process, organize outside team building activities, reassess internal processes and procedures, inform policies governing the casino, and other essential operations are also an integral part of the comprehensive corporate strategy. This will challenge and inspire table games dealers to seek additional avenues to contribute to the organization. Among the ranks of seasoned front-line employees may be future managers already familiar with the culture of the casino able to advance the comprehensive corporate strategy throughout the organizational chain.

### *Conclusion*

The SPC framework is an ideal foundation for the formation of a comprehensive corporate strategy. The framework establishes the profitable link between high quality customer service and loyal customers. In order to achieve a high rate of return

customers, it is necessary to offer a service that customers experience again and again. This is achieved with a concerted effort to recruit, train, and retain the best front-line employees; employees able to initiate the customer relationship-building process at the first interaction. In delivering a high standard of customer service from the very onset, customers will reward the casino with their loyalty and lifetime value to the organization. In order to achieve this rate of success, a comprehensive corporate strategy to high service quality in the gaming/casino industry is proposed. Informed by research literature and an review of currently used manuals, training guides, and human resources policies, this new comprehensive corporate strategy endeavors to refocus the attention on the front-line employee. It establishes table games dealers as the cornerstone deliverers of customer service to gamblers and establishes a three stage process. Casino operations should invest time and resources to 1) recruit the highest caliber of employees to their organization, 2) educate their front-line employees on the importance of customer service in guest retention strategies, and 3) support employee retention by furnishing an incentive program that is consistent and fair. This new comprehensive corporate strategy advances the SPC framework, takes into consideration the characteristics of customer service, and endeavors to break the cycle of failure. In securing the most appropriate employees, training them to know their importance to the organization, and retaining their services with a fair compensation/incentive program, this comprehensive corporate strategy is a recipe for sustained profitability and continued loyalty by customers always eager to experience again a high standard of quality customer service. The rewards will be evident in sustained lifetime value and measurable profitability.

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