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# Total Rewards Compensation: A Viable Solution

Patrick Wesley Smith  
*University of Nevada, Las Vegas*

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TOTAL REWARDS COMPENSATION: A VIABLE SOLUTION

by

Smith, Patrick Wesley  
Bachelor of Science in Applied Arts and Sciences, Business Administration  
San Diego State University  
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of the requirements for the

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## ABSTRACT

### TOTAL REWARDS COMPENSATION: A VIABLE SOLUTION

by

Smith, Patrick Wesley

Dr. Carl Braunlich, Committee Chair  
Associate Professor of Hospitality Administration  
University of Nevada, Las Vegas

Total rewards customer loyalty programs represent a viable solution for domestic gaming operators in today's current economic environment. Total rewards customer loyalty programs provide domestic gaming operators with an unparalleled tool in understanding, identifying, and realizing their customer's desires. The design of total rewards customer loyalty programs provides domestic gaming operators with the ability to remain fluid and allows quick adaptation to ever changing market conditions. Research suggests that total rewards customer loyalty programs provide domestic gaming operators with a viable financial solution that provides equitable value to customers alike. This paper will analyze the structure of customer loyalty programs by defining and examining its components. This paper will also identify and establish parameters necessary for domestic gaming operators to achieve a successful total rewards customer loyalty program. Finally, this paper will recommend that under current economic conditions that domestic gaming operators invest in the development of total rewards customer loyalty programs in order to drive customer retention and add to financial bottom line.

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## PART I

### Introduction

The current economic environment has created fierce competition between domestic gaming operators. The competition has been the driving force behind the development and movement to total rewards customer programs that help stretch customers dollars, develop deeper relationships, drive repeat business, and promote customer retention. Domestic gaming operators are faced with the daunting task of developing sound total rewards programs that reduce expenses and drive revenue while satisfying their customer's needs. Domestic gaming operators have developed important tools such as player tracking systems that help to calculate and determine a customer's theoretical value to a casino.

A number of problematic areas have been identified through conducting qualitative research and have been examined to expose their potential risk to domestic gaming operators. The following problematic issues have been identified to present domestic gaming operators with unique challenges in their pursuit of developing a sound customer loyalty program:

- Differentiating total rewards programs from competitors
- Acclimatizing to the current economic environment
- Developing equitable point reward systems
- Deepening customer relationships
- Driving customer retention
- Capturing a greater percentage of each customer's disposable income
- Communication and marketing strategy

Based upon my problem statement, the following information has been gathered in the efforts to aide domestic gaming operators in gaining market share, deepening customer relationships,

increasing profits, and remaining viable uncertain economic times. To aid my research efforts I will examine internal company website, internet articles, industry journals, and academic books on customer loyalty to gain further insight in developing a sound total rewards program for domestic gaming operators.

### **Purpose Statement**

The purpose of my professional paper is to identify and examine barriers to customer retention for domestic gaming operators by exploring and evaluating current customer loyalty programs in the domestic gaming market.

### **Justification**

Customer loyalty programs are an essential tool that helps domestic gaming operators to facilitate branding and marketing strategies. A successful customer loyalty program will provide hospitality firms with the ability to identify and better understand their customer's needs. Successful customer loyalty programs will also provide hospitality firms with a formula to increase revenue and profits by helping stretch limited customer dollars and helping to retain a greater portion of disposable income. The future success and viability of domestic gaming operators is dependent upon developing a sound customer loyalty strategy.

### **Constraints**

The research will be limited to rewards programs used by domestic gaming operators and will not comprise data from international gaming operators. The constraints to completing this research include determining a fair and equitable valuation system used for comparative analysis of multiple customer rewards programs. In depth qualitative analysis will be conducted to highlight the strengths and expose the weaknesses of each domestic gaming operator's rewards

program. The qualitative analysis will help to determine each gaming operator's ability drive customer retention by evaluating their rewards programs on: ease of access, cash rewards, discounts, earning ratios, special perks, and usability.

## **PART TWO**

### **Literature Review**

#### **Introduction**

The literature review will examine a mixture of data from academic journals, corporate websites, and academic books related to customer loyalty programs. The literature review will provide a thorough examination and analysis of defining what a customer loyalty program is, important components of a customer loyalty program, barriers to customer retention, criteria for evaluating customer loyalty programs, current customer loyalty program trends in the domestic gaming market. The benefits of customer loyalty programs to domestic gaming operators and casino patrons will be explored to determine their value and impact on customer retention. The literature review will evaluate the financial viability of customer loyalty programs and the impact they will have on customer loyalty in the future.

#### **Customer Loyalty**

##### **Customer Loyalty Program Defined**

A customer club or loyalty program can be defined as a communicative union of people or organizations, which is initiated and operated by an organization in order to contact these members directly on a regular basis and offer them a benefit package with a high perceived value with a goal of activating them and increasing their loyalty by creating an emotional relationship. (Butscher, 2002). The expression of customer loyalty is the enduring bond between a product, brand, or company and its customers. As products become commoditized, it is loyalty pure and simple that keeps people buying. Loyalty is consumers' expression of brand preference and their repayment of the equity you've invested in the relationship. (Zichermann, 2010)

The key defining factors of a customer loyalty program and other customer clubs are as follows: They are initiated, planned and managed by an organization, and not by the customers

themselves. They offer real and perceived value to their members by optimizing the combination of hard financial and soft non financial benefits. They provide opportunities for member and the sponsoring company to talk to each other. They can collect data which will help other departments of the sponsoring company improve their performance. They aim to activate customers by encouraging them to buy or recommend a product, communicate with the loyalty program. (Butscher, 2002)

### **History of Customer Loyalty Programs**

Sharp increases in technology in the 1980s brought sweeping changes to the domestic gaming market. Slot machine manufacturers continuously improved machine engineering. This resulted in greater game protection and less machine downtime. As a result, the casino realized an increase in money bet at each machine, which increased the casino win. (Williams, 2010)

Changes in technology led to increased need for the development of a structured loyalty based marketing strategy that would allow domestic gaming operators to drive customer retention and capture a greater portion of each customer's disposable income. Domestic gaming operators developed structured loyalty marketing programs that encourage customer loyalty by rewarding customers through providing incentives for frequency and volume of play.

Domestic gaming operators utilize rewards cards which are similar in appearance to credit cards or debit cards to identify customers, track play, and reward customers. (Kilby, 2010)

Customer rewards cards are generally embedded with a barcode, magnetic strip, or an identifying customer account number used to help store customer information and transfer data into gaming operator's database archives. Rewards cards are issued to customers upon providing minimal demographic information and a primary form of identification to casino staff.

Customer rewards cards are used on site as a form of identification and can be used to a means to access discounts on goods and services provided by the domestic gaming operators. Rewards cards can be used to expedite services and provide customers with priority perks and incentives. Customer rewards cards provide domestic gaming operators with the ability to analyze customer play and better understand their habits. Domestic gaming operators are able to determine a customer's net value to the casino, individual habits, and frequency of visit by data mining individual customer play that is tracked through their customer rewards card.

### **Benefit to Casino Customers**

Domestic gaming operators provide numerous incentives and rewards to promote customer retention and deepen relationships. Domestic gaming operators reward customers through tracking an individual's play on their customer rewards card. Domestic gaming operators offer a wide range of rewards to loyal customers including simplistic gifts such as a wallet to elaborate gifts such as limousine service and hotel room suite compensation. Casino customers that frequently use their rewards cards while playing are often rewarded with the following type of compensation: cash, beverage, room, food, retail discounts, entertainment, and transportation.

Every benefit has a certain value for customers, but only those benefits that have a high value will make membership attractive. In order to have high value, a benefit must meet the expectations of the target groups, have certain exclusiveness and stand out in a crowd. (Butscher, 2002) In addition, an important aspect for customers is the perceived value that they receive from relationship. The benefits must not only be good from the sponsoring company's perspective but in the eyes of the customer. Customer's desire for a particular benefit may be diminished significantly if it is perceived as having low value. The selection of benefits must be selected

from a customer's point of view. The success of a customer loyalty program is dependent on the determination that program works and provides equity to the each customer.

### **Benefit to Domestic Gaming Operators**

Domestic gaming operators benefit from customer loyalty programs by developing customer relationships through building deeper relationships. Domestic gaming operators that focus on customer player development are able to retain customer relationships and increase each customer's potential value to the operator by significantly impacting their bottom line. The profit increase is based on the fact that the profitability of a customer increases over time due to growth, cost savings, referrals and price premiums. These customer life cycles patterns differ from industry to industry, but all show significant increases in profit as early as the first five years of the relationship. (Butscher, 2002) Domestic gaming operators that have developed total rewards programs have focused on developing a wide spectrum of players from casual local players to foreign high rollers. While recognition cards aimed at boosting customer loyalty had been in the industry for some time, Harrah's wanted to go one step further. It sought not only to identify its best and most loyal customers; it also wanted to use that data to reward them in ways they hadn't been rewarded before. (Cioinsight, 2003)

### **Components of a Customer Loyalty Program**

Customer loyalty programs consist of several components including: tracking customer play, loyalty marketing, rewarding customer play, customer retention, player development, accessibility, and reporting. Each of these components will be examined and analyzed to provide a greater understanding of the dynamics of a customer loyalty program in the domestic gaming market.

### **Tracking Customer Play and Loyalty Marketing**

Domestic gaming operators track casino customer play by utilizing card reader devices that are interfaced and networked with mass data storage servers. The mass data storage servers enable domestic gaming operator's performance analysts to evaluate and analyze customer activity through data mining processes. (Williams, 2010) Data mining processes allow performance analysts to examine customer's behaviors including: bet frequency, average bet, bets per hour, and each customer's favorite games. Performance analysts utilize data from analytical reports to determine a customer's value to the casino. Domestic gaming operators develop loyalty marketing strategies based off of a customer potential value to the casino. Domestic gaming operators utilize multiple mass marketing techniques used to drive retention including: direct mail marketing, internet email marketing, billboards advertisement, radio spots, and rewards websites. (Kilby, 2010) Domestic gaming operators focus on developing strong loyalty marketing programs in order to influence future customer behaviors and develop rewarding long lasting customer relationships.

### **Rewarding Customer Play**

Domestic gaming operators reward customer play by offering them numerous options based upon their value to the operator. Customer compensation is separated into two major categories: soft compensation and hard compensation. Soft comps include cocktails, food, rooms, and most in-house shows. Hard comps include airfare, tickets to fights and special events, and off-premises food, shows, and golf. (Rubin, 1994)

Domestic gaming operators utilize soft compensation as the most common form of rewarding customer play. The most widely form of soft compensation used by domestic gaming operators includes food and beverage compensation. Domestic gaming operators reward slot and table games players with free soft drinks and alcoholic beverages throughout the duration of their

play. Domestic gaming operators also reward casino customers with deep discounts on in-house restaurants, buffets, and chain restaurants located on their premises. Domestic gaming operators also reward casino customers with additional soft comps including: in-house show tickets, on-site retail discounts, free cigarettes, and buffet coupons. (Rubin,1994) Domestic gaming operators utilize soft compensation to extend customer length of play and create satisfied loyal customer that will return for repeat business.

The most common form of hard compensation offered by domestic gaming operators are cash incentives. Customers receive cash incentives through weekly and monthly direct mail coupons or by utilizing their customer rewards card when playing a machine. Domestic gaming operators frequently offer casino customers cash rewards for participating in slot tournaments, poker tournaments, and drawings. Domestic gaming operators also offer other forms of hard compensation including: airline tickets, limousine transportation services, off premises special event and food compensation, golf tee times, and city tours. Hard compensation is applied towards rewarding the casino's most valuable customer and used as a tool to drive retention and promote loyalty.

The main objective for domestic gaming operators is to achieve a successful combination of hard and soft benefits which will provide customers with the highest possible perceived value and will drive retention. Hard benefits can be easily copied by other competitors and do not allow for unique design. Soft benefits will not achieve this objective because deep discounting and cost savings is a main consideration that attract customer to a customer loyalty program. The proper mixture of hard and soft benefits can provide domestic gaming operators with a competitive edge and also help to drive retention by creating unique value for customers. (Butscher, 2002)

## **Customer Retention and Player Development**

Domestic gaming operators have utilized customer loyalty programs to build deeper customer relationships and drive customer retention. Domestic gaming operators have focused on deepening customer relationships through developing customer play and by rewarding them with progressively higher incentives. Domestic gaming operators have focused on achieving greater customer retention results by utilizing tiered point systems that reward customer play based upon for the amount of money they spend and for their frequency of play. Casino customers are rewarded with increased incentives upon surpassing a point threshold and achieving the next level. Each new level in the tiered systems rewards casino customers with point bonus multipliers and new perks. Domestic gaming operators that have successfully implemented tiered point customer rewards strategies have seen impactful dividends in customer retention and player development. Domestic gaming operators have begun to enhance tiered rewards programs by taking in consideration customer preferences for rewards and compensation.

## **Access and Reporting**

Domestic gaming operator websites provide online account access for customers seven days a week and twenty-four hours a day. Domestic gaming operator's websites serve as a portal for casino customers to be connected to casino events and provides the opportunity to take advantage of special offers before the general public finds out. Casino customers are able to access operator's websites by setting up an account using their customer rewards card and creating a password. Casino customers can redeem rewards, view point totals, view how many points until their next tier, set preferences for rewards, update personal contact information, and gain access to special offers simply by accessing their account on a casino operator's website.

Casino customers can redeem special offers for hotel visits, restaurant discounts, and discount show tickets by accepting offers through the operator's website. Domestic gaming operator's websites provide customers with access to win-loss statements which are required for tax filing.

### **Barriers to Customer Retention**

Domestic gaming operators are faced with the daunting task of developing long lasting relationship and retaining current customers. The current economic environment had led to reduction in customer disposable income and visit frequency. Domestic gaming operators have faced deep cost discounting by competitors who aim to attract new customer business to their properties. Domestic gaming operators face increased competition in capturing a limit amount of consumer disposable income. Limited disposable customer income has been a motivating factor for domestic gaming operators forcing them to rethink current customer loyalty strategies with aims to retain a larger portion of each customer's dollar.

Domestic gaming operators have witnessed a contraction in recent years with the number of gaming operators decreasing while larger corporations acquiring multiple properties. Smaller domestic gaming operators are faced with the difficult task of revamping their rewards program to compete with larger multiregional corporations. Smaller domestic gaming operators offer limited rewards and services and do not have the infrastructure in place to support cutting edge rewards redemption tools for their customers. In addition, domestic gaming operators are faced with the challenge of providing customers with balanced mixture of equitable benefits. An improper mixture of hard and soft benefits can damage customer relationships by pushing end users to operators that can provide equitable benefits and greater perceived value.

### **Criteria for Evaluating Customer Loyalty Programs**

When evaluating customer loyalty programs it is important to take into consideration the following criteria: rewards earning, reward mixture, access to rewards, drive repeat business, and customer retention. First, rewards earning ratios are important to customers because they determine what incentives is earned for each dollar spent on their customer rewards cards. Domestic gaming operators can drive repeat business and deepen relationships by offering increased point multipliers and lower threshold levels in their tiered point structures. Casino customers should seek out domestic gaming operators that offer the most attractive points earning to spending ratios and analyze tiered point structures for the most advantageous structure thresholds.

Second, a domestic gaming operator's reward mixture is crucial to driving repeat business and customer retention. Casino customers should seek out gaming operators that will individually tailor their rewards programs to meet their preferences. Domestic gaming operators should focus on offering a wide range of rewards but utilize current technology to understand and focus on delivering to individual customer's preferences. Domestic gaming operators must manage their marketing budgets by staying inline with industry standards. The proper rewards program mixture, marketing budget, and utilization of technology will help to drive repeat business and deepen customer relationships.

Third, a rewards program's access and usability are important criteria when evaluating the strength of a customer loyalty program. Effective customer loyalty programs will provide customers with a rewards website that offers the following traits: 24 hour a day online access, online redemption, win-loss reporting, and online security features.

### **Current Trends in Customer Loyalty**

Current trends related to customer loyalty programs in the domestic gaming industry include the invention of total rewards compensation programs. Corporations including: Caesars Entertainment, MGM Mirage, Boyd Gaming, and Station Casinos have implemented total rewards compensation programs that focus on providing customers with the total package of hotel accommodation, in-house entertainment, gaming, and food and beverage options. The goals of total rewards programs are capture a larger portion of each customer’s disposable income while preventing customers from leaving the operator’s property. The total rewards compensation focuses on delivering customers the greatest value through providing deep discounts and packages services together. Total rewards compensation provides customers with highest levels of usability and access in order to promote customer engagement and increased customer activity and spending.

| BENEFITS MENU - OVERVIEW  |  |   |   |  |
|---|--|---|---|--|
| BENEFITS  |  GOLD |  PLATINUM |  DIAMOND |  SEVEN STAR |
| Comps, Cash and Offers based on play  | ★  | ★   | ★   | ★  |
| 10% discount at participating gift shops (Cash/Credit purchases only)   | ★  | ★   | ★   | ★  |
| Ability to earn Bonus Reward Credits with the Total Rewards Visa® program (Only available for US Residents)   | ★  | ★   | ★   | ★  |
| Monthly exclusive values on select Total Rewards Catalog merchandise (Gold 20% off, Platinum/Diamond/Seven Stars 30% off)   | ★  | ★   | ★   | ★  |
| Discount when you book a cruise vacation with Norwegian Cruise Line (Gold 5%, Platinum 10%, Diamond 20%, Seven Stars 30%) - Restrictions apply. For complete terms and conditions go to <a href="http://www.harrahs.com/NCL">http://www.harrahs.com/NCL</a> ; for itinerary info, visit <a href="http://www.ncl.com">http://www.ncl.com</a> | ★  | ★   | ★   | ★  |
| Ability to purchase Total Rewards Gift Card (Where available)   | ★  | ★   | ★   | ★  |
| Golf discount with a hotel stay of 25% off the current resort green fee rate for you and up to 3 guests at Cascata or Rio Secco. Call 1-866-574-6997.   | ★  | ★   | ★   | ★  |
| Special Birthday Offer  |  | ★   | ★   | ★  |
| Exclusive gift during yearly tier status renewal period (April)   |  | ★   | ★   | ★  |
| Free tournament entry and hotel stay for the Summer Fest and Winter Fest tournaments (Platinum and Diamond member events in Las Vegas)<br>(Platinum - 2 Nights, Diamond/Seven Stars - 3 Nights) **  |  | ★   | ★   | ★  |
| 500 Bonus Reward Credits each month **  |  |   | ★   | ★  |

Figure 1. Harrah's total rewards benefit menu.

Source: <https://www.totalrewards.com/TotalRewards/RewardsAndBenefits>.



### **RUBY**

Your connection to more possibilities starts here. The Ruby Card is your entry into a world of point earnings, dining discounts and other great rewards.

### **SAPPHIRE - 2X Points 24/7**

Just earn a Card Score of 30,000 within 6 months and you've made it to Sapphire. At this level you'll receive a bonus on points, a special upgrade gift once you have reached Sapphire and priority lines. Consider yourself well connected.



### **EMERALD - 3X Points 24/7**

This is our most exclusive level. Earn a Card Score of 250,000 in 6 months you've reached Emerald status. Experience your exceptional connection to the highest bonus on points, an upgrade gift, VIP hotel check-in and check-out, private invitations to Emerald only events, and that's just the beginning.

Figure 2. Boyd Gaming: Three levels of Appreciation

Source: <https://www.bconnectedonline.com/program-overview>



### **GRAZIE LEVEL**

- Exclusive Email Offers
- AVIS - Save up to 30% on car rentals Worldwide (AWD Code W886000)\*\*\*\*
- Access to VIP line - Grand Lux Cafe at The Venetian and Grand Lux Cafe at The Palazzo (Max of 6 guests per party)
- 5% discount on Wedding Ceremony Packages at The Venetian/Palazzo\*\*\*
- 5% discount on Canyon Ranch SpaClub services\*\*

- Complimentary Grand Canal Shoppes® Passaporto available at Apothecary at The Palazzo
- Blue Man Group - Complimentary Upgrade with purchase of any seat\*
- Jersey Boys - Complimentary Upgrade from Rear Orchestra seating to Front Orchestra seating\*
- Phantom - The Las Vegas Spectacular - Complimentary Upgrade from side Mezzanine to Orchestra\*
- Madame Tussauds - \$8 off admission price



### **GOLD LEVEL**

(all Grazie level benefits plus)

- Complimentary suite upgrade\*
- Complimentary Shuttle pick-up/drop-off from McCarren International Airport (limit two guests)
- Guaranteed suite availability (prior to arrival) 72hrs.
- The Venetian Gold Club Lounge access
- 10% discount on Wedding Ceremony Packages at The Venetian/Palazzo\*\*\*
- 10% discount on Canyon Ranch SpaClub services\*\*
- Invited Guest Early Check-in and special Check-in desk\*
- Late Check-out at 12pm\*
- TAO Beach - Line pass and complimentary entry for member and guest (Fri - Sun)\*
- TAO Beach - Daybed rental with \$100 Food & Beverage purchase (Mon - Fri)\*
- TAO & LAVO Nightclubs - Line pass and complimentary entry for member and guest\*
- Valet front-of-line priority service
- Priority show and restaurant reservations\*
- 10% off select non-sale items at The Venetian and The Palazzo-owned retail shops\*\*
- 20% discount on Gondola ride tickets
- More Slot Reward Points up to 50%



### **PLATINUM LEVEL**

(all Grazie and Gold level benefits plus)

- VIP Early Check-in and special Check-in desk \*
- Complimentary Limo pick-up/drop-off from McCarren International Airport (limit two guests)
- Guaranteed suite availability (prior to arrival) 24hrs.
- 15% discount on Wedding Ceremony Packages at The Venetian/Palazzo\*\*\*
- 20% discount on Canyon Ranch SpaClub services\*\*
- Late Check-out 3pm\*
- More Slot Reward Points up to 100%
- TAO & LAVO Nightclubs - Complimentary bottle of champagne with table reservation and purchase of two or more bottles∞

Figure 3. Venetian’s Grazie Loyalty Resort Program.

Source: <http://www.venetian.com/Las-Vegas-Casino/Grazie-Loyalty/Benefits/>

**STATUS.**

| EARN YOUR STATUS IN 6 MONTHS. (JAN-JUNE & JULY-DEC) | KEEP YOUR STATUS FOR 6 MONTHS!  |
|---|---|
| <b>BREAKDOWN</b>                                    | <b>CREDITS BY GAME</b>  |
| <b>PREFERRED</b><br>999 CREDITS OR LESS             | <b>SLOTS</b> 3 CREDITS FOR \$1  |
| <b>GOLD</b><br>1,000 - 39,999 CREDITS               | <b>VIDEO KENO</b> 3 CREDITS FOR \$1                                     |
| <b>PLATINUM</b><br>40,000 - 99,999 CREDITS          | <b>VIDEO POKER</b> 1 CREDIT FOR \$1                                     |
| <b>PRESIDENT</b><br>100,000 - 299,999 CREDITS       | <b>RACE &amp; SPORTS</b> 1 CREDIT FOR \$1                               |
| <b>CHAIRMAN</b><br>300,000 CREDITS OR MORE          | <b>BINGO</b> 1 CREDIT FOR \$1   |
|   | <b>POKER</b> 100 CREDITS FOR 1 HOUR PLAY                                |
|   | <b>TABLE GAMES</b><br>AVERAGE BET X NUMBER OF HOURS PLAYED EARN CREDITS |

VISIT [MYSTATION.COM](http://MYSTATION.COM) TO TRACK YOUR STATUS.

Figure 4. Station Rewards Card Status Structure

Source: <http://www.mystation.com/status>

### Financial Viability and the Future

The financial viability of domestic gaming operations will significantly rely upon the development and implementation of total rewards customer loyalty programs. Customer loyalty

programs have a significant impact on domestic gaming operator's bottom lines. Customer loyalty programs will provide domestic gaming operators with the driving force behind developing current customer and acquiring new business in the future. Customer loyalty programs are a crucial piece in driving repeat business and profitability. Customer loyalty programs could help to detect satisfied customers who, despite their satisfaction, still cover part or all of their demand with competitors' products. Customer loyalty programs can help to win these sales back and, by offering extra value, turn customer satisfaction into customer loyalty. (Butscher, 2002)

Customer loyalty programs will impact domestic gaming operator's financial viability by contributing new customer dollars and a greater portion of existing customer disposable income. Following the 80:20 rule, 20 percent of your customers account for 80 percent of your business. This 20 percent must be identified and, in order to attain the maximum effect on your bottom line, resources must be focused on these best customers. Customer rewards programs not only help to identify but also help to court these customers so that they remain top customers. The future success of domestic gaming operators will require large capital investments in customer loyalty rewards infrastructure and technology.(Butscher, 2002) Domestic gaming operators that embrace and implement total rewards compensation programs will position themselves to be financially viable in the future.

## **PART THREE**

### **Introduction**

Over the past three decades, domestic gaming operators have embraced technological developments and utilized their capabilities to develop smarter customer loyalty programs. The recent technological developments in customer loyalty programs have prompted many domestic gaming operators to adopt total rewards compensation programs that tailor rewards to accommodate each customer's preference. Advances in technology have enabled domestic gaming operators to develop total rewards compensation programs that track, predict, and reward customer based on play.

Total rewards programs are an essential tool for domestic gaming operators in developing and cultivating mutually beneficial customer relationships. Total rewards customer loyalty programs have a significant impact on domestic gaming operator's bottom lines by stretching customers dollars, developing deeper relationships, driving repeat business, and promoting customer retention. The future success of domestic gaming operators will require large capital investments in customer loyalty rewards infrastructure and technology. Domestic gaming operators that embrace and implement total rewards compensation programs will position themselves to be financially viable in the future.

### **Results**

Results obtained through the literature review process are consistent with current market trends taking place among domestic gaming operators. Multiple domestic gaming operators have adopted and implemented customer loyalty strategies that incorporate tiered point structures and total rewards benefits. Domestic gaming operators have focused on achieving greater customer retention results by utilizing tiered point systems that reward customer play based upon for the

amount of money they spend and for their frequency of play. Casino customers are rewarded with increased incentives upon surpassing a point threshold and achieving the next level. Each new level in the tiered systems rewards casino customers with point bonus multipliers and new perks.

Domestic gaming operators have faced deep cost discounting by competitors who aim to attract new customer business to their properties. Domestic gaming operators face increased competition in capturing a limit amount of consumer disposable income. The current economic environment had led to reduction in customer disposable income and visit frequency. Domestic gaming operators have faced deep cost discounting by competitors who aim to attract new customer business to their properties.

The product of this literature review is to establish the framework for upper level management teams of domestic gaming operators in implementing a successfully total rewards customer loyalty program at their facilities. This framework will help operators identify the components of a total rewards customer loyalty program and help them to establish guidelines that provide equitable value for their customer while adding to their bottom line.

## **Conclusion**

Through the collection of qualitative data focusing on customer loyalty programs in the domestic gaming industry, this study identified that total rewards customer loyalty programs have a beneficial impact on domestic gaming operator's financial viability. Total rewards customer loyalty programs provide domestic gaming operators with increased leverage in developing deeper customer relationships and driving customer retention. Total rewards customer loyalty programs provide domestic gaming operators with the means to promote and

drive customer retention by increasing customer engagement in the program. Higher levels of engagement through customer play are achieved through providing customers with incentives, rewards, and discounts to continue game play. Total rewards programs provide customers with program flexibility and a wide variety of reward that can be tailored to their individual preference.

## **Recommendations**

The next step for domestic gaming operators is to adopt and implement a total rewards customer loyalty program on their property. Domestic gaming operators must focus on continually developing their total rewards program to meet the needs of their customer. Domestic gaming operators must make capital investments into developing and utilizing technologies that will increase engagement and access to their total rewards program. Domestic gaming operators should utilize developments in mobile smart phone technology by providing their customers with a free application to access specific player information and to redeem rewards instantaneously. Total rewards customer loyalty programs provide domestic gaming operators with a vehicle to add to their bottom line by developing customers, deepening customer relationships, driving customer retention, and increasing loyalty.

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