

SUPERIOR CUSTOMER SERVICE: IS IT REALLY NECESSARY?

By Bill Zender



■ ■ ■ ■ ■ **W**e all understand there is a perceived difference between poor customer service and good customer service, but what is the actual difference between good customer service and superior customer service? Does it really matter? As long as your casino offers its guests better than average customer service, is there any gain to the operation if management strives to pass “average?”

First, let’s discuss the cost of striving for superior customer service. The cost is measured, not only in dollars spent on guest service education and evaluation, but in time and commitment necessary to accomplish your superior customer service goal. Does your management team want to make the time and commitment to this lengthy endeavor? Are they willing to change their company and gaming cultures to accomplish this goal? Is your entire gaming, hospitality and culinary operation prepared to commit to a project that, to be successful, must continue forward as a work in progress? There are no end dates, no performance apexes and no “mission accomplished” moments—only milestone and success points which, once achieved, only mean you must continue to move forward. Time and commitment, especially by management, are the biggest stumbling blocks to superior customer service success.

Second, how does “better than average,” or even “good” customer service provide a monetary return for a gaming operation? How does being friendlier than the next casino return any financial gain to the operation? We all hear about the benefits of great customer service, but how does the difference between better than average, good or even superior service increase the operations revenue and bottom-line profits?

Average, Good and Superior Customer Service

Just recently, I was discussing the advantage of superior customer service with an individual who specializes in this area.

His specialty is not in casino or gaming customer service, but in public banking, an industry not too distant from the casino industry. When I broached the subject of service level differences, his comment was quite interesting. He compared the difference to the Richter magnitude scale, the scale that measures seismic activity beneath the Earth's surface commonly known as "earthquakes." The Richter is known as a base-10 measurement scale since the difference between point measurements is 10 times greater (or less). For example, an earthquake that measures 5.0 on the Richter scale has a shaking amplitude 10 times larger than one that measures 4.0. Customer service is similar in nature (but hopefully not as destructive). The difference between the customer's appreciation of average customer service, and good customer service is 10 times greater. The customer-perceived difference between good customer service and superior customer service is also 10 times greater. This means the difference between average and superior would be 10 X 10 or 100 times greater. Just imagine where that positions the casino that does not stress the importance of customer service.

If this measurement scale were to hold true, then how does increased attention to customer service affect the overall profitability of an operation? Exactly what advantages does better customer service have on the operation, and how does it influence customers to spend more dollars across the gaming tables? Following are three situations where customer service levels directly influence the potential and existing customer choice on where to gamble and how long to gamble.

Zone of Indifference

What really is a "zone of indifference?" Example: You're going to a movie with a group of your friends, and after the movie has ended, everyone wants to go somewhere to grab a drink, maybe a bite to eat, but mostly they want to go someplace where they can have a good time. Several names of places get kicked around, but nobody is really excited about any of the choices. "Where do you want to go?" "I don't know, where do you want to go?" This conversation indicates a lack of interest by the group. This is also known as being in the "zone of indifference." They can't make a decision because none of the suggestions offered, or the suggestions they wouldn't mind offering, won't translate into a guaranteed "fun" experience. However, if one of the suggestions just happens to have great appeal to at least one person in the group, they will try to sell it to the others. "Let's go to the XYZ Casino!" "Why, what's there?" asks some of the group. "The last time I was there I had a great time. The dealers were really friendly, and the pit boss treated me as if I was a special person. I even lost money, but I didn't care because I had such a great time with the dealer and other players at the tables!" With the zone of indifference penetrated, our group heads to a place where they can have a fun experience and a chance to win some money.

Many people bounce around in the zone because they are afraid that their suggestion or the suggestion of another will lead to an unwelcome experience. They are afraid that their needs and the needs of others in their group will not be met. The dealer will be unfriendly. The experience on the table will not be the experience they were looking for. In short, their minimum expectations will not be met. By offering the customers a great experience, the casino has the ability to attract future business when a situation of choice indifference comes up. Management's commitment to customer service has a direct effect on whether a

customer's experience will move them toward or away from your gaming operation. What direction do you want your customers to go?

Reducing Customer Desertion

Many customers enjoy playing in your casino today, but are they there to stay? Will they be back tomorrow or next week? Will they decide to go someplace else to play blackjack or slots? If you have regular customers who suddenly stop going to your gambling facility, this is known as "customer desertion." Customers desert a casino for various reasons. You can prevent some from deserting or at least reduce the possibilities, while others you can't. Will a property's level of customer service reduce the rate of desertion? Yes, superior customer service will help you retain customers that have a rational choice in whether they play in your casino or go elsewhere. Without considering the loss of customers due to bad customer service or poor handling of customer complaints, primary customer desertion can be broken down into four categories:

Desertion due to death or illness

One day you have an excellent customer, thoroughly enjoying the quality of your facility, and the next day they no longer have the ability to enjoy the quality of life. Unfortunately for everyone concerned, there is nothing that your casino can do decrease this type of desertion.

Desertion due to a change in financial position

Some people desert your casino operation because they are no longer in a financial position to gamble. This includes people who no longer have the disposable income on hand, and those who have financially ruined themselves, or are considered compulsive gamblers, some of whom self exclude. As with death or major illness, there is nothing your operation can do to retain these customers. Note: Every gaming operation has a moral obligation to practice responsible gambling awareness, and must take every step necessary to prevent customer from destroying their financial health through irresponsible gambling.

Desertion due to temporary visits to the competition

What happens when a new gambling venue opens up in your market area? Do a portion of your customers take a "look-see" at the new casino? You bet they do. And, if you want them to come back to your casino, you better give them a good reason, instead of hoping the new casino will chase them back. What about the casino customer who gets invited by their friends to go to a different casino? Do they immediately decide to go, or do they provide their friends an argument about staying at your casino? If the decision breaks down to a flip of the coin, then your property hasn't properly developed a relationship with those customers. If the customers don't feel a sense of "ownership" in your property, there's a good chance your customer might "desert" for good.

Desertion due to a customer's run of bad luck

Based on the statistic of normal distribution, approximately 38 percent of your customers are experiencing an extended losing streak at any given time. When customers experience a series of losing trips to your casino, they associate their run of bad luck with your property. "Maybe if we try the ABC casino our luck will be better." We can't control the luck of our players, but we can

give them reasons for not deserting our casino when unlucky streaks occur. By providing superior customer service, you make the customer desertion decision much more difficult, and it might keep them at your casino just long enough to experience their overdue winning trip. Note: This is another reason why casino operators need to provide games with reasonable mathematical house advantages. If they “kill” the cow, they can’t expect to keep drinking the milk.

Offering the Casino Customer What They Want

Do you know what your customers want? Would all the efforts and expenses need to achieve superior customer service attract more customers to your operation? Why not spend more time and money on promotions or new games? Why not increase the percentage of player reinvestment? Why not use something we can immediately measure instead of allocating management’s time and focus on improving our present level of guest service? These are great arguments, and most likely have been batted back and forth across a number of executive conference room tables. But, the main question still exists: What drives the customer to our property? What factors keep them in their seats, and what factors get them to return?

From my experience in table game operations and consulting, I learned to break the casino players into two groups: lower limit players and higher limit players. Each is a distinct group driven by a slightly different gaming related experience. For the following examples I have broken out lower limit table games players as anyone wagering less than \$100 per hand. This mark could be lower or higher depending on the gaming facility and location. Higher limit players would make up the remaining portion, and in this case, customer wagering \$100 or more per hand.

Lower limit players

Lower limit players thrive on social interaction. They want a “fun” experience in exchange for their gambling dollar. If you were to poll these players, they will tell you that they look for a friendly, clean and safe casino in which to play. If your drill down past the surface, you find that their most memorable experience occurs on the gaming table, and is directly related to the friendliness of the dealer, and the social interaction attained through conversations with the other players. Ask them how well they did gambling, and unless it’s an extremely large win or loss, they won’t recall the exact or approximate result. In comparison, if you bought a car off a dealership, and the car broke down, chances are you may not return to that dealership. Lose money at a casino that provides superior customer service and a great social environment in which to gamble, and the player will return even if they suffered a losing session. If the period of casino activity is enjoyable, gambling losses are not treated as a negative.

Higher limit players

Higher limit players are driven by “action.” They look for a continuing flow of gaming decisions while on the tables. The higher limit player is not necessarily looking for the social

interactions with other players at the table; however, he usually does not want to be sequestered either. He also expects the dealer to be friendly and cordial, but handle the situation more professionally than the on lower limit games. If there is social interaction, it usually with other players he knows or friends. If the pit staff is cold to the player it will have a very negative effect. If the staff’s demeanor is a direct reflection of pressure placed by management on winning, the degree of perceived customer service will quickly drop. The higher limit player’s thrill centers on the gamble, but they also exhibit a need to be recognized and appreciated.

Is Superior Customer Service Worth It?

Some operational managers understand that the difference between success and failure lies in your casino’s percent of obtainable market share. You don’t need to find a new gaming customer, you just need to steal them from the competition. In a number of cases, management attempts to achieve this goal by “buying” market share. They are willing to spend money on promotions, coupons and increased level of player reinvestment (comps). This can get extremely costly,

especially when your competition uses the same tactic. In some instances, escalated spending by the competition will create a marketing “war” with all parties spending more money than profit potential, but with no one backing down. If a casino were to back down from “throwing money at the problem,” they would quickly become afraid that the reduction in marketing spending would cause them to lose a large portion of their present market percentage. This is also known as a “death spiral”—nobody wins and everybody loses. Is there a less expensive way to compete?

Frank Deletto, table games manager at the Riviera Hotel and Casino in Las Vegas, uses a simple mathematical model to motivate his pit staff to increase their level of customer service. Deletto explained that through indifference, desertion or failing to cater to the customer’s basic needs, if you lose one customer a day who spends only \$5 a week in your casino, it translates to an annual revenue loss of \$94,000. Inverse this situation, if you gain one customer a day who spends \$5 a week, your potential revenue will increase annual by \$94,000. In the highly competitive casino/resort market of the Las Vegas Strip, Deletto is one of those executives who understands there is an alternative to spending to achieve greater market share.

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