

# **Maintaining your loyal customers during hard times: An observation from the gaming industry**

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## **ABSTRACT**

The Las Vegas gaming arena was one of the most severely affected consumer-oriented industries to be impacted by the recent economic recession. The purpose of this study was to investigate the impact of relational benefits on customers' behavioral loyalty in the Las Vegas gaming industry. This study particularly took a comparative approach and examined the relational impact during the economic recession and after the economic recession. Secondary data was obtained and regression analysis was performed to test the study hypothesis. The findings of this study revealed the economic recession impact on the Las Vegas gaming industry, as well as valuable insights for effective utilization of relational benefits to increase customer loyalty.

*Key Words: Customer loyalty, Behavioral loyalty, Relational benefits, Economic recession.*

## **INTRODUCTION**

The 2008 U.S. recession resulted in the deepest slump in the world economy since the 1930s. The financial crisis had a direct and immediate influence on industries throughout the world. Employment, sales, and overall economic activity drastically declined – a situation that will face years in recovery. Consumers and businesses were much more cautious about their spending than they have been in decades (Altman, 2009). Of all consumer-oriented industries, hospitality and tourism was among the most devastated, having faced decline in Gross Domestic Product (GDP), escalated oil prices, reduced airline capacity, and projected supply growth of hotel rooms (Butler, 2008). The financial crisis especially alerted Las Vegas, one of the top tourist destinations and entertainment capitals in the United States. Visitor spending and cash flow in casino hotels dropped drastically in 2007-2010, with gaming revenues falling by as much as 14% in large Las Vegas casino hotels (Eadington, 2011). Visitors not only spent less on gambling, but spent less in general, a phenomena that impacted revenues in the casino hotels' entertainment, shopping, and dining outlets (Audi & McCracken, 2008).

The financial crisis presented Las Vegas with the most striking decline of demand and spending since the traumatic effects of the 9/11 terrorist attacks in 2001 (Eadington, 2011). Competition was increasingly aggressive, and properties were even more focused on maintaining the highest occupancy rates possible so as to remain profitable in that particular economic state. Even in properties where it would appear that occupancy rates have not especially suffered, spending per patron dramatically decreased. Efforts to increase

occupancy and guest spending drove casino hotels on the Las Vegas Strip to offer unprecedented guest discounts and promotions. Even luxury and upscale properties, segments that have historically been cautious of discounting due to the potential impact on long-term image, were no exceptions. As a result, customers who previously were not eligible for special offers or special rates were exposed to abundant options at gaming properties (Shanken, 2009).

It is widely known that loyal customers are one of a company's most valuable assets because they make more purchases than non-loyal customers and are less likely to switch to a competitor brand for special pricing and promotions (Shoemaker & Lewis, 1999). The most essential theory of loyalty marketing proposes that just a minor increase in loyal customers can result in a significant increase in profitability. Thus, companies maintain that customer loyalty is a major source of competitive advantage (Reichheld & Sasser 1990). In the gaming industry, one tactic used to maintain and reward loyal customers is the use of relational benefits, such as complimentary offers, promotional gaming credits, and promotion or event offers. These relational benefits have previously been found to have a positive association with customer loyalty (Lee, Ahn, & Kim, 2008), and act as value-added, loyalty-increasing service features (Lewis, 2004; Wirtz et al., 2007).

The purpose of this study was to investigate the impact of economic relational benefits on customers' behavioral loyalty in the Las Vegas gaming industry upon and after the financial crisis. Behavior variables (visit frequency, money and time spent for gaming) and the effect of relational benefits (complimentary room offers, dining/entertainment complimentary offers, promotional gaming credits, and special event offers) among loyal patrons were assessed. This study specifically examined the behavior of loyal patrons during and after the economic recession from a comparative perspective. Findings are expected to provide valuable insights for marketers to understand the impact of the financial crisis on the loyal consumer market. The results of this study may also initiate the development of marketing tactics to proactively maintain a current loyal customer base.

## LITERATURE REVIEW

### **The financial crisis and the Las Vegas lodging and gaming industry**

Tourism and gaming in Las Vegas enjoyed stair-step growth in the decade leading up to the mild recession of 2001 and the traumatic events of the 9/11 terrorist attacks (Eadington, 2011). A short-lived set back, gaming and non-gaming spending resumed, contributing to stair-step growth and profitability in 2004. By 2007, numerous mega-hotel casino resorts had been constructed, each more extraordinary than the last. Grand expansion and development projects combined with rapid growth in gaming and non-gaming revenues from 1990 to 2007 built an impression that Las Vegas was immune to threat (Eisendrath, Bernhard, Lucas, & Murphey, 2008; Las Vegas Convention and

Visitors Authority, 2012). Las Vegas had evolved into the world's largest entertainment capital associated with gambling, shopping, fine dining, and entertainment (Audi & McCracken, 2008). Development continued to accelerate until 2007, when the onset of the sub-prime mortgage crisis and subsequent financial recession changed the economic state of the city dramatically (Eadington, 2011). The financial crisis was triggered by a complex mixture of valuation and liquidity problems in the United States banking. It is estimated that the financial crisis started in mid 2007 and reached its peak during the fourth quarter of 2008. It is difficult to identify its definite ending date and there have been aftershocks, but it has been estimated that the financial crisis itself was over sometime between late 2008 and mid 2009 (Ivashina & Scharfstein, 2010; Simkovic, 2009).

The financial climate has had devastating effects on both gaming revenues and non-gaming spending by visitors (Eadington, Wells, & Grossi, 2010). By June 2010, Las Vegas suffered a decrease in gaming revenues of 17.7% on the Strip and 20.4% in Downtown Las Vegas. Other tourism indicators from 2007 to 2009 reflect this negative impact: average daily rates decreased by 29.6%, occupancy rates decreased from 90.4% to 81.5%, visitation decreased 7.4% from 39.2 million visitors to 36.3 million visitors, and visitors spend less per capita on both gaming and non-gaming activities (Las Vegas Convention and Visitors Authority, 2012). Overall, the financial crisis caused an unprecedented lack of visitation and spend-per-visitor visibility (Audi & McCracken, 2008).

### **Elasticity of demand**

Average income and unemployment are major socio-economic factors that influence gambling behaviors (Paton, Siegal, & Williams, 2003). Income has been noted as a statistically significant variable for tourism demand (Gu, 1999). The financial crisis resulted in rising unemployment rates throughout the world. By June of 2009, the unemployment rate had risen to 9.5%; approximately 14.7 million individuals in the United States. This number had grown since December 2007 by about 7.2 million, with unemployment increasing by 4.6% in less than two years (U.S. Bureau of Labor Statistics, 2012).

In addition to increased unemployment, the United States witnessed considerable wage cuts and reduced income. Households were earning less, thus spending less. Reports show that spending on basic needs decreased by an average of 40% to 70% on discretionary spending during 2008 (Zogby, 2009). The national price index for personal consumption expenditures decreased 1.3% in the fourth quarter of 2008, which was revealed as the largest quarterly decline on record (U.S. Bureau of Economic Analysis, 2012).

Conversely, experts argue that demand elasticity and correlation to real Gross Domestic Product (GDP) in the U.S. lodging industry had steadily been very high. In other words, lodging demand grew higher as the U.S. economy grew (Butler, 2009). The GDP released by the U. S. Bureau of Economic Analysis decreased at an annual rate of 6.3% in the fourth quarter of

2008. For the first time in years, GDP's main driver, Personal Consumption Expenditures, decreased 4.9%. This demonstrates how drastically the lodging industry is influenced by a declining economy (U.S. Bureau of Economic Analysis, 2009).

### **Customer loyalty**

Operations within the hospitality industry understand the consequence of customer loyalty, especially as segments mature and competition strengthens. As the industry continues to saturate, features and benefits that were once introduced as differentiation points have now become easily replicable. Logically, customer loyalty has been recognized as a long-term sustainable competitive advantage key to successful businesses (Bolton, Kannen, & Bramlett, 2000; Olsen, 2005; Shoemaker & Lewis, 1999). Customer loyalty can be described as 'repeat purchase behavior followed by a favorable attitude' (Jacoby & Kyner, 1973; McAlexander, Kim, & Roberts, 2003; Rundle-Thiele & Mackay, 2001; Shoemaker & Lewis, 1999). Loyal customers are coveted because they are less costly to serve, have a greater likelihood of higher spending, and act as word-of-mouth marketers (Reichheld, 1996; Reinartz & Kumar, 2002).

Petrick (2004) identified that loyal patrons tend to make more visits to a property and spend more per visit than their non-loyal counterparts. They also bring in new customers, resulting in substantial savings in marketing and advertising expenses. Kale (2003) examined the taxonomy of casino customer segments and found that the most profitable segment showing the highest loyalty level with the casino consisted of a reasonably small portion of guests compared to other industries, and emphasized the significance of loyal customer value for the gaming industry. In addition, that particular segment generated at least twice as much the gaming revenue of other segments when there was a same retention increase rate.

It has been suggested that its multifaceted substance reflects the mixture of aspects that comprise loyalty. Loyalty has previously been examined from the two-dimensional perspective of behavioral and attitudinal factors (Backman, 1988; Dick & Basu, 1994). The behavioral perspective measures loyalty as the static outcome of a dynamic process (i.e. actual consumption, repeat purchase, duration, frequency, and proportion of market share). The attitudinal perspective measures loyalty as an affection toward a brand and indicates trust, psychological attachment, and emotional commitment (Baloglu, 2002; Mechinda et al, 2008; Petrick, 2004). Conversely, loyalty is viewed by other researchers as a multi-dimensional construct; a common three-dimensional conceptualization takes into account behavioral, attitudinal, and composite factors (Bowen & Chen, 2001; Jones & Taylor, 2007).

### **Behavioral loyalty**

Grounded in a stochastic view of consumer behavior, where consumer behavior is characterized by randomness rather than rationality (Bass, 1974), behavioral loyalty has focused primarily on behavioral outcomes, such as repeat

purchase intentions or purchasing sequence behaviors. It has been suggested that behavioral loyalty can be measured by antecedents such as the total purchase amount, repeat purchase, time spent, visit frequency, and proportion of market share (Baloglu, 2002; Cunningham, 1956; Petrick, 2004). Other recommendations include using sequence of brand purchase to assess behavioral loyalty and four to six consecutive purchases of the same brand have been considered to be loyal (Kahn, Kalwani & Morrison, 1986). Probability of future purchase of a brand and brand switching behavior has also been addressed to assess behavioral loyalty (Jacoby & Kyner, 1973; Ostrowski, O'Brien & Gordon, 1993).

Although the multi-dimensional approach has provided a greater understanding of customer loyalty, both academia and industry practitioners regard behavioral loyalty as one of the most important issues, especially given the high correlation to revenue and prosperity (Chao, 2008). Other authors have emphasized the crucial role of behavioral loyalty to service providers, as it involves the actual buying or using of the service and provides insight not only the current behavior but future purchasing intention (Jones, Reynolds, Mothersbaugh, & Beatty, 2007; Kim, Jin-Sun & Kim, 2008; Tanford, Raab, & Kim, 2010). Empirical research has not exhaustively investigated behavioral loyalty and a deeper understanding could provide guidance on decisions to increase the effectiveness of loyalty programs and other strategic marketing activities (Liu, 2007). Attitudinal loyalty receives criticism in that it lacks power in predicting actual purchase behavior and there is limited explanatory power of attitudinal loyalty (Backman & Crompton, 1991; Morais, 2000).

### **Relational benefits**

Customers who have developed a long-term relationship with a service provider not only expect to receive satisfactory delivery of the core product but also other benefits. Those benefits that go above and beyond the core product are known as relational benefits. The relationship and services literature proposes that there exists different type of relational benefits (Gwinner, Gremler, & Bitner, 1998). For example, customers earn a stronger level of trust through relational exchanges (Morgan & Hunt, 1994), perceive personal recognition and social support (Berry, 1995), and may also receive economic advantages such as receiving rewards and special price considerations (Peterson, 1995). In addition, Lee et al. (2008) proposed that relational benefits are positively associated to customer loyalty. They found that the greater the alternative attractiveness, the greater the impact of relational benefits on customer loyalty. Consumers take pleasure in the advantages that service providers offer, and incentives and rewards provided by loyalty programs are effective in increasing customer loyalty (Lewis, 2004; Wirtz et al., 2007).

Casinos have been especially recognizing the value of truly loyal customers and have been focusing on retaining a long-term relationship by offering economic relational benefits such as promotions and personalized offers. Even during the economic meltdown in 2002, the utilization of relational

benefits through customer relationship management was suggested to have a huge power on maintaining the best customers (Kale, 2003). Previous studies discovered that special events and promotions have a significant impact on attracting customers and gaming volume (Lucas, 2004; Lucas & Bowen, 2002; Lucas, Dunn, & Singh, 2005; Lucas & Tanford, 2010). Further, it has been discovered that players increased their trip expenses or gaming expenses as their complimentary offer amount increased (Lucas et al., 2005). In a highly competitive market these relational benefits act as value-added service features to attract customers and encourage them to remain loyal versus to competitors. While different loyalty programs offer different rewards, it is apparent that behavioral loyalty is likely to increase based on the relative attractiveness (Liu, 2007; Meyer-Waarden, 2008).

## Summary

Numerous studies have emphasized the value of repeat patronage of customers to be significant (Bolton et al., 2000; Olsen, 2005; Petrick, 2004; Reichheld, 1996; Reinartz & Kumar, 2002; Shoemaker & Lewis, 1999). Given that marketers perceive loyal customers to be a long-term sustainable competitive advantage, this study attempted to examine how their behavior changes in a different economic situation. In specific, this study attempted to investigate whether relational benefits are effective in terms of encouraging their behavioral levels in hard times. Overall, the following hypotheses were derived:

H1: Relational benefits affect loyalty program members' behavioral level.

H1a: Relational benefits affect loyalty program members' visit frequency.

H1b: Relational benefits affect loyalty program members' expenditure.

H1c: Relational benefits affect loyalty program members' time spent.

H2: The impact of relational benefits on loyalty program members' behavioral level is dissimilar during different economic situation.

H2a: The impact of relational benefits on loyalty program members' visit frequency is dissimilar during different economic situation.

H2b: The impact of relational benefits on loyalty program members' expenditure is dissimilar during different economic situation.

H2c: The impact of relational benefits on loyalty program members' time spent is dissimilar during different economic situation.

## METHOD

### Study sample

The population for study included members of a Las Vegas Strip property's casino loyalty program. The loyalty program for this property was first introduced in May, 1999 and has been operational to date. Secondary data was used, and was obtained directly from the aforementioned property, which

will remain anonymous. Lewis (2004) and Liu (2007) defined loyal customers as those who had at least two trips each year, and Kahn et al. (1986) suggested customers with four to six consecutive purchases of the same brand to be loyal. Accordingly, patrons who had visited the property in excess of four times each year between 2007 and 2011 were selected.

Based on the analysis of the database, geographic residential region emerged as a distinguishing variable among different loyal segments. It was noted that patrons residing in the states of California and Arizona displayed higher visit frequency than patrons who lived further distances from Las Vegas. Therefore, the sample included only those patrons who lived in the states of California and Arizona, a subgroup which comprised more than 50 % of the entire data set. Finally, data dated from June, 2007 to June, 2009 indicated the financial crisis term as it was estimated that the financial crisis started in mid 2007 and ended in mid 2009. On the other hand, data dated from July, 2009 to July 2011 indicated the term after the financial crisis. Data was retrieved for them same amount of time period for each term to maintain consistency.

A variety of relational benefits were offered from the loyalty program. However, this study purposely selected a segment that historically received complimentary room offers, promotional gaming credit offers, and special event offers. This approach helped to maintain consistency, to analyze data from a deeper perspective, and to obtain a sample of a more comparable loyalty behavior for more accurate results. Overall, the final study sample represented loyal customers and consisted of a total number of 3,742. All data with missing values were excluded.

### **Data measurement**

Five dependent variables that measured behavioral loyalty were assessed, including: (1) visit frequency, (2) gaming expenditure, (3) non-gaming expenditure, (4) gaming days, and (5) gaming minutes. The number of visits and the volume of customers' expenditure have been used regularly in previous studies to measure customer's behavior (Moufakkir, Singh, Moufakkir-van der Woud, & Holecek, 2004). Therefore, total number of visits was used to identify visit frequency. Customer's expenditure amount was observed separately for gaming (gaming expenditure) and non-gaming (non-gaming expenditure). Actual amount of time spent has been indicated as measure to assess behavioral loyalty as well (Baloglu, 2002). Time spent was evaluated based on the number of days spent on gambling while visiting at the property (gaming days) and the total amount of time spent in minutes on gambling (gaming minutes).

The predictor variables assessed were recession term, represented as a dummy variable, and the three different relational benefits: (1) complimentary room offers (Offer A), (2) promotional gaming credits (Offer B), and (3) special event offers (Offer C). Additionally, member's tier level of the loyalty program was added because previous studies found that customer segments on behavior change to be significant (Kale, 2003; McCall & Voorhees, 2010) and a trend

variable was created to measure the effect of the long-term movement in the data set over time (Ahlgren, Dalbor, & Singh, 2009).

### **Method and data analysis**

Multiple regression analysis was performed at a 0.05 alpha level to look into the impact of relational benefits on casino loyal customers' behavior. Data was entered and analyzed in SPSS version 19.0. Histograms and normal probability plots were checked for assumptions of normality and linearity. Durbin-Watson values were checked for independence of observation and Cook's distance was checked for outliers. Variance inflation factors (VIF) were checked if there were any significantly large values to identify multicollinearity. Assumptions were all met and the models were finally verified to be fit by observing the significance p-value and R-square value (Hair, Black, Babin, Anderson, & Tatham, 2006).

## **RESULTS**

### **Profile of the sample**

Table 1 provides a description of the characteristics of the sample. More than 90% of the resided in California, and less than 10% were from Arizona. Approximately 67% were male and 33% were female. The majority of patrons (more than 67%) fell into the age range of 40 to 69 years old. The loyalty program consisted of three different levels. Approximately 72% were Tier 1 customers, 26% were Tier 2 customers, and less than two percent were Tier 3 customers. The different tiers of the loyalty program do not represent amount of expenditure, as patrons are upgraded to the next level based on points they earn from play (primarily on slot machines). Patrons who play table games are rated but they do not accumulate points. With regards to visit frequency, the majority of patrons (55.5%) visited the property 4 to 9 times within the observed 2-year range. Over 30% of the patrons visited the property 10 to 15 times, and approximately 14% visited the property 16 times or more. Patrons were fairly evenly distributed in terms of engagement time-span in the loyalty program.

**Table 1**  
**Profile of sample**

Variables	N	Percentage (%)
State		
Arizona	328	8.8
California	3,414	91.2
Gender		
Male	2,510	67.1
Female	1,232	32.9
Age		
21 -29 years	216	5.8
30 -39 years	676	18.1
40 -49 years	874	23.5
50 -59 years	983	26.0
60 -69 years	680	18.2
70 years and over	313	8.4
Loyalty program		
Tier 1	2,697	72.1
Tier 2	974	26.0
Tier 3	71	1.9
Total number of trips		
4 -9 trips	2,078	55.5
10 -15 trips	1,162	31.1
16 -20 trips	265	7.1
More than 20 trips	237	6.3
Length of engagement in loyalty program		
2 -3 years	865	23.1

4 -6 years	1,044	27.9
7 -9 years	1,071	28.6
more than 9 years	762	20.4
Total	3,742	100.0

### Hypothesis testing

Multiple regression analysis was performed between the five dependent variables that indicated behavioral level (visit frequency, gaming expenditure, non-gaming expenditure, gaming days, gaming minutes) and the selected predictor variables. As seen in Table 2, the results of the regression analysis show that all five loyalty behavioral variables were found to be significant. Table 3 illustrates the significance of regression coefficients with each predictor variable. Recession term and relational benefits as predictor variables all turned out to be significant for each dependent variable as well. Thus both study hypotheses were supported. R-square values indicate each loyalty behavior explained by the relational benefits and was ranged between .806 at highest and .554 at lowest. Usually, a higher value of R-square, closer to 1.0, is usually desirable in terms of explaining variability (Hair et al., 2006). For example, 80.6% of the visit frequency behavior of loyal customers is explained by economic relational benefits while 55.4% of gaming minutes behavior was explained from the regression model.

**Table 2**  
**Summary of regression analysis (N=3,742)**

Model	R <sup>2</sup>	F	Sig.
Visit frequency	80.6	262.38	0.00*
Gaming expenditure	69.5	122.91	0.00*
Non-gaming expenditure	62.7	90.57	0.00*
Gaming days	76.6	176.62	0.00*
Gaming minutes	55.4	66.96	0.00*

*Note.* \* $p < .05$

**Table 3**  
**Significance of Regression Standardized Coefficients (N=3,742)**

Model	Beta	t	P	VIF
Visit Frequency				
OfferA	.866	16.979	0.000*	2.69
OfferB	.511	6.093	0.000*	2.71
OfferC	.346	4.833	0.010*	2.05
recession	.100	3.615	0.000*	1.51
Gaming expenditure				
OfferA	1.746	16.543	0.000*	2.69
OfferB	1.404	10.824	0.000*	2.71
OfferC	.120	2.592	0.000*	2.05
recession	.107	2.483	0.013*	1.51
Non-gaming expenditure				
OfferA	.302	2.546	0.011*	2.69
OfferB	.323	2.706	0.007*	2.71
OfferC	.502	7.634	0.000*	2.05
recession	.077	1.944	0.000*	1.51
Gaming days				
OfferA	.751	12.788	0.002*	2.69
OfferB	.312	3.239	0.001*	2.71
OfferC	.172	3.239	0.001*	2.05
recession	.126	3.940	0.000*	1.51
Gaming minutes				
OfferA	.582	4.386	0.000*	2.69
OfferB	.565	4.239	0.000*	2.71
OfferC	-.487	-6.616	0.000*	2.05
recession	.177	4.005	0.000*	1.51

*Note.* \* $p < .05$

Offer A represents complimentary room offers.

Offer B represents promotional gaming credits.

Offer C represents special event offers.

## Discussion of Results and Management Implications

The objective of this study was to determine the relational benefit impact on loyal customers' behavior during different economic situation. The first study hypothesis was built to examine whether relational benefits have an impact on the loyalty program members' behavioral level. Multiple regression analysis was performed between the five dependent variables that indicated behavioral level (visit frequency, gaming expenditure, non-gaming expenditure, gaming days, gaming minutes) and the predictor variables. All five loyalty behavioral variables were found to be significant at the 0.05 level. Therefore, the first study hypothesis was supported.

The second study hypothesis was built to test how the relational benefits influenced members' behavioral level during different economic situation. Multiple regression analysis results indicated that recession term and relational benefits, as predictor variables, were all significant. This indicated that relational benefits can play an influential role depending on its economic situation to encourage different types of customer behavior. Overall, the second study hypothesis was supported as well.

It was revealed that the U.S. financial crisis had a severe impact on gaming revenue and customers' behavior in the Las Vegas gaming industry. Gaming businesses often use relational benefits to retain their best customers, and data showed that the casino operation increased the amount of return on investment of economic relational benefits for loyal customers during the recession in an effort to maintain business during hard times. The findings of this study provide quality insight for marketing strategies that relational benefits can be employed as a strategy to drive customers even during economic hard times and they should be utilized in different ways.

Given the diverse attributes that represent loyalty behavior, a portion of loyal customers may visit bi-monthly but spend less. Conversely, some loyal customers may visit infrequently but spend a great deal more. It is clear that there is no uniform behavior pattern for different levels of loyal customers. Instead of merely increasing the amount and frequency of relational benefits across the board, casino marketers should provide tailored offers and encourage customers with higher expenditure per visit. Should there be a decrease in gaming expenditure, offers could be modified to increase visit frequency /or gaming time. This also indicates that determining a casino's performance level through a single behavioral loyalty variable may be too vague or short-term oriented. Rather, behavioral loyalty should be examined in a mixture of measures.

An opportunity exists for casino marketers to attract customers by transforming current offers and provoking an impression that the customer is receiving unprecedented offer values. There is a portion of individuals that will, regardless of their financial situation, be encouraged by promotional offers to visit and play in Las Vegas. However, the change must be made carefully and

directed at eligible customers only, rather than to all customers as a whole. For example, if a customer who typically receives promotional gaming credit offers shows frequent visits but less spending patterns, a complimentary room offer may be a better offer to encourage more expenditure. Conversely, event offers were relatively less encouraging but overall generated higher expense costs. In fact, despite the effort to drive more customers through events, a large number of events among lower tier customers produced negative cash flow. Hence, unless the event offers are given to the most valuable customers, complimentary room offers and promotional gaming credit offers may be a better option from an operational standard during economic hard times when businesses are especially alerted save cost.

Competition among casino operations is exceptionally aggressive because customers now have more options to choose from. Although the financial crisis itself is over, after shock records are still remaining and customers are still extremely cautious with their spending. Therefore, casino marketers are constantly searching for diverse ways to uphold business by maintaining high occupancy rate as possible. Given the characteristics of loyal customers, it is particularly crucial for businesses to understand the significant impact of value and behavior patterns. As with any business in a distressed economy, casino marketers must seek innovative approaches to decreasing costs and increasing profit margin per customer.

Subject to extreme impacts of economic decline, Las Vegas properties must operate in a manner that recognizes that it is certainly not recession-proof. When the market experiences such a crisis customers become faced with numerous deals to which they normally would not be exposed. Unfortunately, many customers may take advantage of the bargain, but without increasing spending in the establishment. To a certain degree, discounts and package deals are necessary to obtain high volume. However, from a long-term perspective, marketers should attempt to develop more customized promotions and incorporate relational benefits based on their customers' behavioral patterns versus increasing the quantity of relational benefits provided or offering lower prices. Thus, they will be able to survive in a highly competitive market and further maintain relationships with their most loyal customers.

## CONCLUSION

The study results show different behavior patterns among loyal customers. While each customer is important to business, loyal customers are even more valuable during this economic meltdown. Loyal customers are less price sensitive and less likely to switch to a competitor brand when they are offered a promotional deal (Shoemaker & Lewis, 1999). Therefore, casino marketers will benefit from encouraging those customers who are willing to spend. As customers are faced with more enticing promotional offers ever before, they will naturally attempt to maximize the value of these offers; businesses should do the same. Casino marketers should take this opportunity to place greater emphasis on more sophisticated marketing techniques. There are

ample opportunities for loyal customers to increase visit frequency, expenditure, or gaming time based on their noteworthy behavior. Accordingly, marketers will be able to increase profitability by offering different relational benefits according to different gaming behavior patterns. Essentially, it is expected that casino marketers can enhance the practical employment of relational benefits for loyal customers. Further, the findings of this study call attention to the need for extended in-depth research on loyal customers, as it stands to reason that the accumulation of more information will benefit casino marketers during threatening economic times.

### **Limitations and recommendations**

This study is not without limitations. It is difficult to generalize the findings of this study because data was acquired from a single high-end property in Las Vegas and selected an exclusive sample under certain conditions to test the study hypothesis. Customer loyalty is a comprehensive substance that should be assessed using a mixture of aspects; this study investigated only the behavioral aspects assessing limited sources to measure behavioral loyalty. Additionally, it is difficult to fully understand a customer's intention using secondary data. Recommendations include further exploration using an approach that includes customers' attitudinal data and various segments of loyal customers, as this will provide additional insights.

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