

Relationship Marketing Tactics and Customer Loyalty: An Exploratory Research on Macao Casinos

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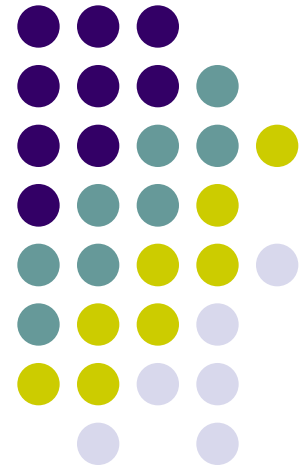
Sónia de Assunção da Conceição

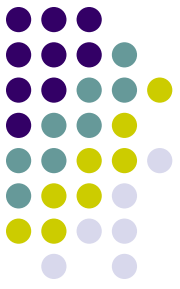
Assistant Manager- HR Partner,
Galaxy Entertainment Group Macau

Mary Mendoza

Managing Director
The Platinum Ltd.

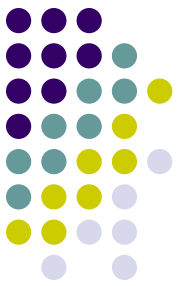
Dec 2, 2013, Kaohsiung, Taiwan





Outline

- Introduction
- Literature Review and Hypotheses
- Method
- Results
- Conclusion and Discussion



I. INTRODUCTION

- Fierce competition

- 35 casinos, 5,485 gaming tables and 16,585 slot machines in Macao (DICJ, Dec. 2012)
- Singapore and others (Resorts World Sentosa; Marina Bay Sands, 2010)

- Customer loyalty

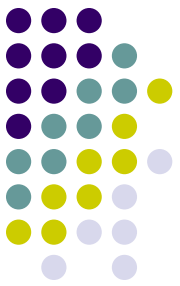
The most important factor for long-term development

- Relationship marketing

Establishing, developing, and maintaining successful relational exchanges (Berry, 1983, 1995)

- Gamblers or casino consumers

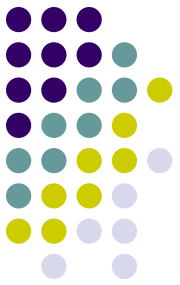
- High novelty seeking...
- Behavioral loyalty & attitudinal loyalty



I. INTRODUCTION

Research Questions:

- How the different relationship marketing tactics in casinos can affect customer perceived relationship investment?
- The impact of perceived relationship investment on relationship quality, and ultimately on behavioral loyalty as well as attitudinal loyalty.
- The moderating effects of casino consumer's characteristics among the relationships?



II. LITERATURE REVIEW

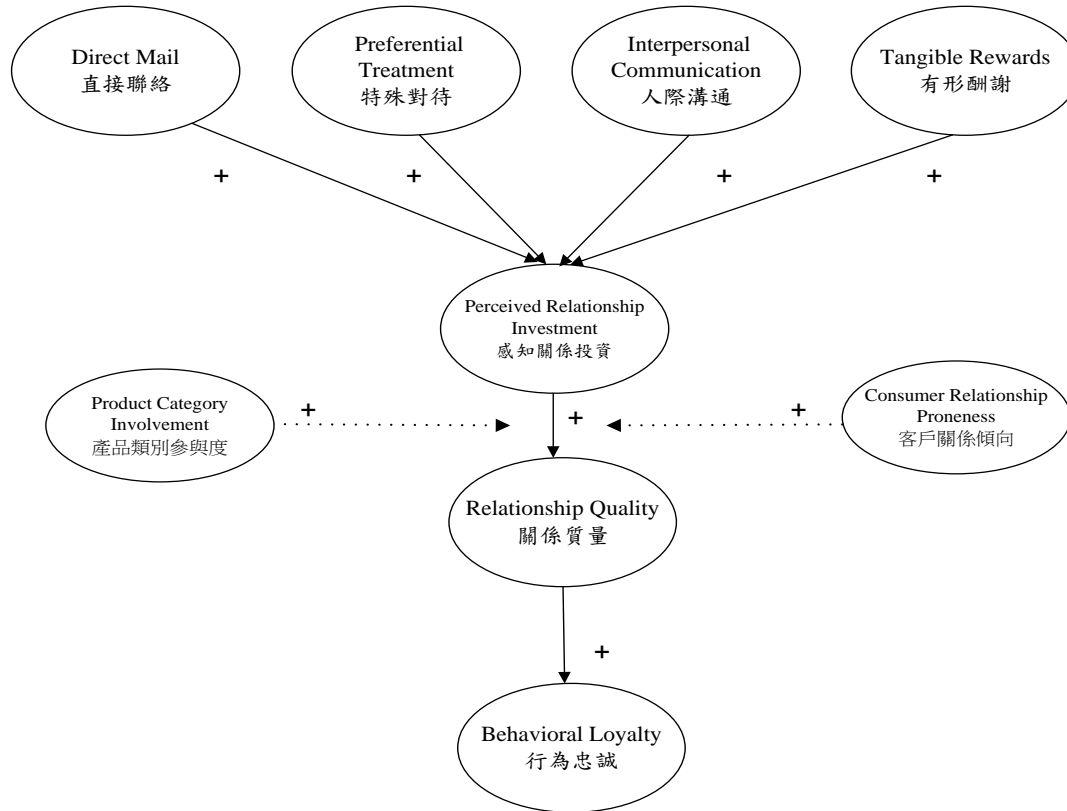


Figure 1. The model (De Wulf et al., *Journal of Marketing*, 2001)

II. LITERATURE REVIEW

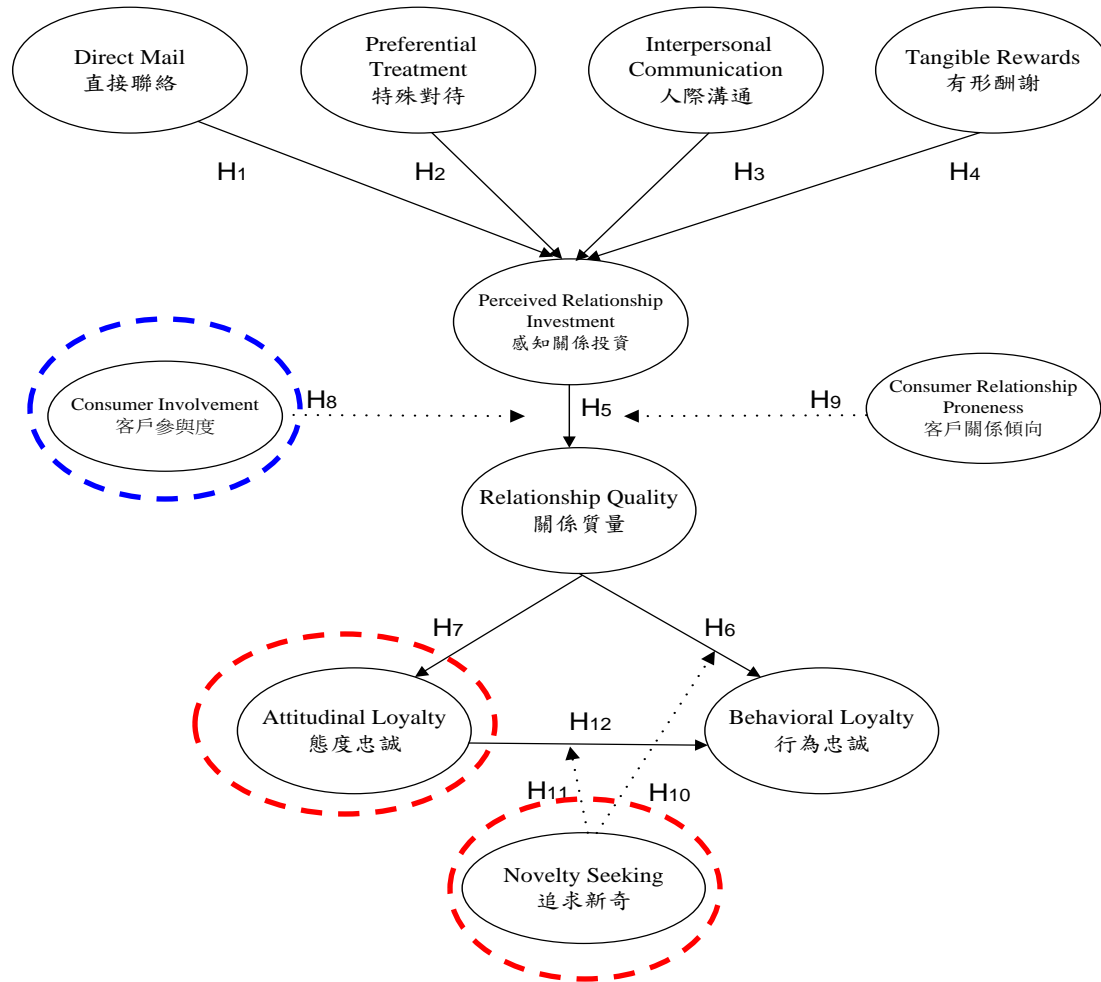
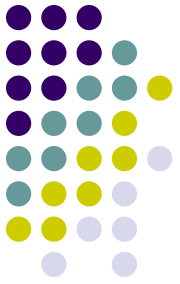
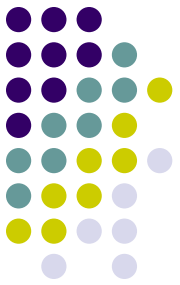


Figure 2. Research Model (based on De Wulf et al., 2001)



II. LITERATURE REVIEW

- **Behavioral loyalty & Attitudinal loyalty**

- *Four categories of customer loyalty (Dick and Basu, 1994; Zeithaml, 1996).*

		Repeat purchase	
		High	Low
Commitment	Strong	Loyalty	Latent loyalty
	Low	Inertia loyalty	No Loyalty

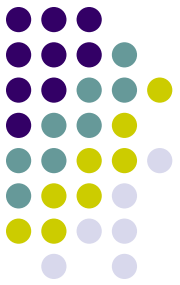
- **Novelty seeking**

- *The desire to seek out new product or service information (Manning, 1995).*

- **Consumer involvement**

- *Consumer's enduring perceptions of the relevance of the organization based on the consumer's inherent needs, values, and interests (Zaichkowsky, 1985).*

II. HYPOTHESES



- **Relationship Marketing Tactics - Perceived Relationship Investment**

- *H1: A higher perceived level of direct mail leads to a higher perceived level of relationship investment.*
- *H2: A higher perceived level of preferential treatment leads to a higher perceived level of relationship investment.*
- *H3: A higher perceived level of interpersonal communication leads to a higher perceived level of relationship investment.*
- *H4: A higher perceived level of tangible rewards leads to a higher perceived level of relationship investment.*

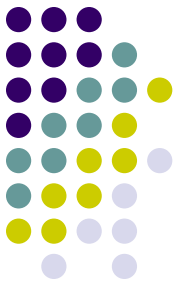
- **Perceived Relationship Investment - Relationship Quality**

- *H5: A higher perceived level of relationship investment leads to a higher level of relationship quality.*

- **Relationship Quality and Customer Loyalty**

- *H6: A higher level of relationship quality leads to a higher level of behavioral loyalty.*
- *H7: A higher level of relationship quality leads to a higher level of attitudinal loyalty.*

II. HYPOTHESES

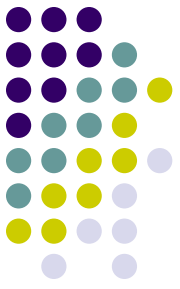


- **Moderators**

- *H8: A higher level of consumer involvement strengthens the impact of perceived relationship investment on relationship quality.*
- *H9: A higher level of consumer relationship proneness strengthens the impact of perceived relationship investment on relationship quality.*
- *H10: A higher level of consumer novelty seeking weakens the impact of relationship quality on behavioral loyalty.*
- *H11: A higher level of consumer novelty seeking weakens the impact of attitudinal loyalty on behavioral loyalty.*

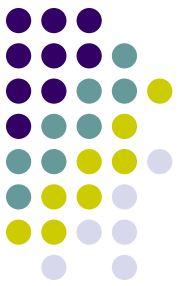
- **Mediator of attitudinal loyalty**

- *H12: A higher level of attitudinal loyalty mediates the impact of relationship quality on behavioral loyalty positively.*



III. METHOD

- **Sample and Procedure**
- A total of 500 questionnaires were completed and **449 (89.8%)** were valid and included in the analysis.
 - Intercepted those who just came out from the casino gaming area.
 - The survey was conducted at the non-gaming areas and questionnaires were administered to customers who were having a break from playing.



III. METHOD

- **Measures**
- The scales were **adapted** from prior research
 - Most of constructs (De Wulf et al., 2001)
 - Attitudinal loyalty (Zeithaml, 1996)
 - Novelty seeking (Manning, 1995)
 - Consumer involvement (Zaichkowsky, 1985)
- All items were measured using a **seven-point Likert scale**

IV. RESULTS

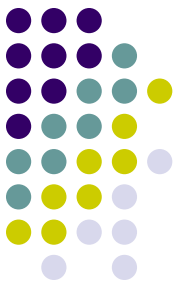


Table 1. Demographics of the Participants

Variable	Group	%	Number
Age	< =20 years	2.0%	(9)
	21-30 years	46.5%	(209)
	31-40 years	44.3%	(199)
	41-50 years	4.5%	(20)
	51-60 years	2.7%	(12)
	61 or above	0.0%	(0)
Gender	Female	57.9%	(260)
	Male	42.1%	(189)
Marital status	Single	53.7%	(241)
	Married	46.3%	(208)
Education	Primary school or below	8.7%	(39)
	Middle or senior school	10.9%	(49)
	Bachelor degree or equivalent	61.9%	(278)
	Master or above	18.5%	(83)
Retired status	Retired	0.9%	(4)
	Not retired	99.1%	(445)
Monthly salary	10,000 MOP or below	9.8%	(44)
	10,001 ~ 20,000 MOP	45.7%	(205)
	20,001 ~ 30,000 MOP	25.8%	(116)
	30,001 ~ 40,000 MOP	9.6%	(43)
	40,000 MOP or above	9.1%	(41)

Notes: n= 449; MOP indicates a Macau pataca, equivalent to approximately US\$0.129.

IV. RESULTS

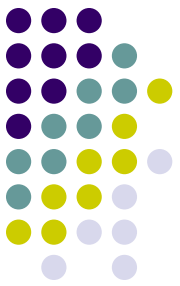


Table 2. Confirmatory Factor Analysis Results

Constructs	Loading	CR	AVE	α
1. DM		0.836	0.656	.850
2. PT		0.922	0.806	.926
3. IC		0.901	0.763	.893
4. TR		0.922	0.809	.934
5. PRI		0.933	0.818	.946
6. RQ		0.892	0.735	.961
6.1RS	0.851	0.920	0.705	.935
6.2Trust	0.905	0.932	0.804	.957
6.3RC	0.813	0.897	0.752	.909
7. BL		0.930	0.889	.946
8. AL		0.944	0.802	.964
9. CI		0.942	0.718	.957
10. CRP		0.916	0.801	.958
11. NS		0.953	0.830	.963

Notes: CR=Composite Reliability; AVE=Average Variance Extracted;
 α =Cronbach's Alpha. DM – Direct Mail; PT – Preferential Treatment; IC – Interpersonal Communication;
 TR – Tangible Reward; PRI – Perceived Relationship Investment; RQ – Relationship Quality;
 RS – Relationship Satisfaction; RC – Relationship Commitment; BL – Behavioral Loyalty;
 AL – Attitudinal Loyalty; CI – Consumer Involvement; CRP – Consumer Relationship Proneness;
 NS- Novelty Seeking

IV. RESULTS



Table 3. Descriptive Statistics and Correlations

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. DM	4.01	1.30										
2. PT	4.23	1.40	.415									
3. IC	3.52	1.37	.318	.700								
4. TR	3.64	1.42	.413	.666	.768							
5. PRI	3.84	1.21	.341	.667	.746	.697						
6. RQ	4.18	1.05	.369	.602	.618	.533	.686					
7. BL	4.48	1.28	.348	.536	.508	.482	.594	.731				
8. AL	4.05	1.22	.267	.565	.572	.512	.719	.728	.713			
9. CI	4.37	1.29	.394	.445	.407	.479	.475	.432	.423	.448		
10. CRP	4.13	1.12	.344	.527	.575	.535	.632	.696	.552	.636	.645	
11. NS	4.32	1.24	.352	.435	.439	.471	.509	.531	.460	.496	.864	.774

Notes: CR=Composite Reliability; AVE=Average Variance Extracted;
 α =Cronbach's Alpha. DM – Direct Mail; PT – Preferential Treatment; IC – Interpersonal Communication;
 TR – Tangible Reward; PRI – Perceived Relationship Investment; RQ – Relationship Quality;
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IV. RESULTS

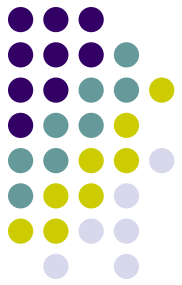
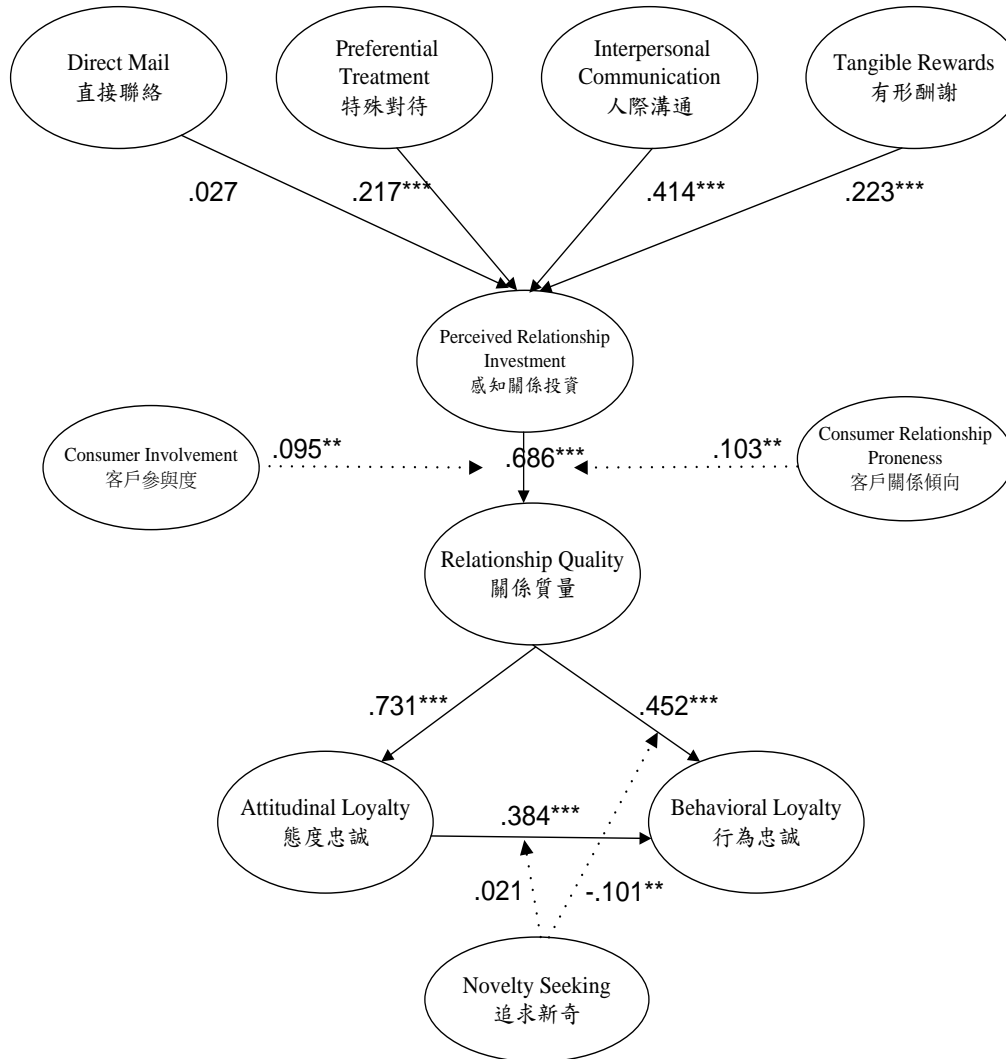


Figure 2. Results of Standard Regression Coefficients of the Relationships



Notes: Fit indices: $\chi^2 = 31.41$, $df = 15$; RMSEA = .05; CFI = .92; TLI = .92; N = 449; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

IV. RESULTS

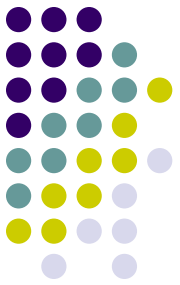


Table 4a. Results of Moderated Regression Analysis

DV	IDV	B	Std.B	t	Sig.	R ²	ΔR ²	Sig.
RQ	(Constant)	1.637		11.663	.000	.485	.485	.000***
	PRI	.536	.621	16.080	.000***			
	CI	.406	.137	3.555	.000***			
RQ	(Constant)	1.550		10.851	.000	.494	.009	.006**
	PRI	.524	.607	15.722	.000***			
	CI	.132	.163	4.137	.000***			
	PRI*CI	.052	.095	2.745	.006**			

Table 4b. Results of Moderated Regression Analysis

DV	IDV	B	Std.B	t	Sig.	R ²	ΔR ²	Sig.
RQ	(Constant)	1.142		9.031	.000	.585	.585	.000***
	PRI	.354	.410	10.406	.000***			
	CRP	.406	.437	11.097	.000***			
RQ	(Constant)	1.072		8.465	.000	.596	.011	.001**
	PRI	.341	.395	10.089	.000***			
	CRP	.422	.454	11.568	.000***			
	PRI* CRP	.062	.103	3.402	.001**			

IV. RESULTS

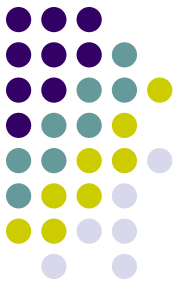


Table 5a. Results of Moderated Regression Analysis

DV	IDV	B	Std.B	t	Sig.	R ²	ΔR ²	Sig.
BL	(Constant)	.561		.001	.002	.542	.542	.000***
	RQ	.831	.678	17.907	.000***			
	NS	.104	.101	2.660	.008**			
BL	(Constant)	.056		1.263	.001	.551	.010	.002**
	RQ	.854	.696	18.352	.000***			
	NS	.087	.084	2.227	.026*			
	RQ * NS	-.082	-.101	-3.135	.002**			

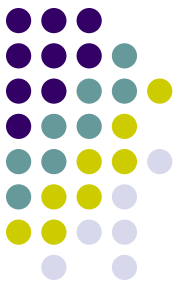
Table 5b. Results of Moderated Regression Analysis

DV	IDV	B	Std.B	t	Sig.	R ²	ΔR ²	Sig.
BL	(Constant)	1.116		6.548	.000	.523	.523	.000***
	AL	.676	.642	17.048	.000***			
	NS	.147	.142	3.767	.000***			
BL	(Constant)	1.100		6.324	.000***	.523	.000	.639
	AL	.676	.642	17.036	.000***			
	NS	.149	.144	3.791	.000***			
	AL * NS	.010	.021	.469	.639			



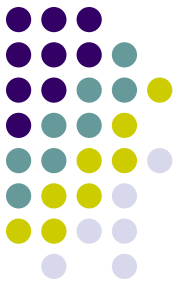
V. CONCLUSION

- H1-H4:
 - H1 was not supported
 - H2-H4 were supported
- H5-H7:
 - All were supported
- Moderators
 - H8-H9 was supported
 - H10 was supported, H11 was not supported
- Mediator of attitudinal loyalty
 - H12 was supported



V. CONCLUSION

- The concept of De Wulf (2001) can be extended to casino industry
- 3 of 4 types of relationship marketing tactics were found effective:
 - preferential treatment
 - interpersonal communication
 - tangible rewards
 - direct mail (not supported)
- Attitudinal loyalty as one final result
- Moderating effect of various individual characteristics (consumer novelty seeking, consumer involvement and consumer relationship proneness)
- Practical management implications



Thanks for your attention!

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