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Critical Incidents of Casino Services: Qualitative Evidence from Asian VIP Customers*

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Abstract

Purpose - The purpose of this study is to contribute to the literature on casino services by investigating critical service failures using the critical incident technique (CIT) and provide effective recovery strategies that can be adopted in practice.

Research design, data, and methodology - The data were collected from Asian casinos' HNI customers in China, Japan, and the Republic of Korea. This is the first study that has investigated VIP casino customers in leading Asian countries. The research used the critical incident technique (CIT) collect and a total of 227 incidents were analyzed.

Results - The results show that three main categories and eleven subcategories are deduced. The first group concerns casino service system failures. The second group relates to service providers' responses to VIP customer complaints. The last group covers employees' attitudes and behavior toward customers.

Conclusions - First, the most serious service problem in casinos was the service providers' attitudes rather than the service system failures. Second, Tangible recovery strategies such as "all pay" and "additional comps" were proven to enhance a casino's image and lower customers' intentions to switch. Customers, however, preferred intangible recovery strategies such as considerate responses, reliable problem management, sincere apologies, and accurate explanations.

Keywords: Critical Incident Technique, Casino, Service Failures, Service Recovery, VIP Customer.

JEL Classifications: M30, M31, M39, L83, L84.

1. Introduction

One of the reasons why the casino industry is in the spotlight is because of the growing influx of tourists from abroad. The casino industry also contributes to economic development. For example, the industry creates many employment opportunities, attracts foreign currency, and vitalizes casino-related businesses that include tourism and accommodation. Thus, the casino industry is designated a

strategic industry by many governments. Moreover, many people think of Las Vegas when they think of casinos; however, within the casino industry, the Chinese city of Macau leads the world.

According to Cohen (2016), gaming revenue in Macau is increasing rapidly: "Macau's gross gaming revenue (GGR) reached 21.8 billion patacas (MOP, US\$2.7 billion), up 8.75% from a year earlier. For the first ten months of this year, Macau's revenue of MOP184.6 billion is down 5.8%, the lowest decline for a 12 month period since the end of 2014." In addition, the overwhelming lead of Macau's gambling revenue per visitor is visible in the worldwide casino markets. "Australia had the second highest gambling revenue per visitor in 2012 at \$736. Singapore comes third, with \$446, providing further proof of an impressive Far Eastern boom in the gambling industry. Revenue per visitor was \$1,354 in Macau while it was just \$156 in Las Vegas" (Economist, 2013).

The foregoing shows that Macau makes more than eight times more revenue than Las Vegas per visitor. However, despite rapid growth, The Statistics Portal(2016) reported

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that the “Asian casino industry has encountered with the threat of keen competitions from numerous casino businesses in various countries such as the Republic of Korea, Macau, Singapore, the Philippines, and so forth. Because of the intense competition in the casino market, local casino business corporations need to be more competitive in the global casino market. A noteworthy phenomenon in the Asian casino market is the emergence of VIP customers. A huge amount of money is spent by such customers on gambling in casinos. Macau’s casinos earned approximately US\$45.27 billion in 2013 and VIP baccarat earned approximately US\$26.61 billion in 2014.” These figures imply that Asian VIP customers’ spending on gambling has a considerable impact on casinos’ profits. In addition, the probability of service failure may occur frequently in proportion to these customers’ emergence. An upsurge in service failures could hinder the rapid growth of the Asian casino market and impede the increase in Asian VIP customers who visit casino locations such as Las Vegas, Macau, and Australia. Nonetheless, studies of such customers in casinos are still in their infancy. Consequently, the literature on this issue is not keeping pace with the growth of Asian casinos. Identifying and classifying service failures and recovery strategies with regard to Asian customers could be a ray of sunshine in the field of casino services. This study uses a qualitative method that may not only help uncover underlying service problems in casinos but may also suggest meaningful recovery strategies for casino companies.

The focus of this study is to explore the service failures and recoveries of casino services and provide effective recovery strategies for such services. To achieve the purpose of this paper, CIT was considered as one of the most significant method of the research. The effectiveness and its worth was proven by various research in various areas of social science studies over fifty years. CIT also involves research participants’ specific activities or significant examples. Further, researchers can identify a certain social behavioral phenomenon and what kinds of pattern is being appear by virtue of its detailed analysis of critical incidents (Hughes, Williamson, & Lloyd 2008). Thus, CIT was employed in this study to identify VIP customers’ critical service failures. The purpose of this study is to contribute to the literature on casino services by investigating critical service failures using the critical incident technique (CIT) and provide effective recovery strategies that can be adopted in practice.

2. Literature Review and Hypotheses

2.1. Research on Casino Services

The main streams of research about casino services can be narrowed to two categories. The first category is

research on casino customers that investigates customer behavior. For example, studies on gambling addiction, personal characteristics of casino customers, and customers’ motivations to participate in casino games belong to this category. The second category is research on the management of the casino business. For instance, studies on effective business processes for casino companies and studies from a macroscopic viewpoint belong to this category. The current study focuses on the first category. In this regard, a comprehensive literature study was conducted to generate information about the service failures that should be considered with regard to casino services and to discover effective recovery strategies.

The literature on gamblers’ behavior has tried to find the differences between addicted gamblers and casinos’ regular customers. Dickerson (1993) divided casino customers into two groups based on the diagnostic and statistical manual of mental disorders (DSM III-R) criteria. The first group represents impulsive customers who act extempore (pathological gamblers). The second group refers to customers who participate in casino games for pleasure or profit (nonpathological gamblers). Strong, Breen, Lesieur, and Lejuez (2003) also categorized casino customers by using the Rasch model (Rasch, 1993). In this regard, they employed a shortened version of the South Oaks Gambling Screen (SOGS) and identified five different levels of gamblers through their study: those with (1) no identified problems, (2) the potential for problems, (3) likely gambling problems, (4) significant problems, and (5) extreme problems. Langhinrichsen-Rohling, Rohling, Rohde, and Seeley (2004) classified gamblers into three groups. Their data were collected from adolescents in three American states (Alabama, Mississippi, and Oregon). In their study, the South Oaks Gambling Screen Revised for Adolescents (SOGS-RA) and the Massachusetts Adolescent Gambling Screen (MAGS-7) were compared. Consequently, three gambler groups were extracted: (1) non-problem gamblers, (2) at-risk gamblers, and (3) problem gamblers. Goodie (2005) also identified gamblers’ characteristics and suggested that addicted gamblers tend to be confident and bet more money than regular customers.

However, studies on gamblers’ motivations are infrequently conducted compared with studies on the aforementioned issues. Regarding gamblers’ motivations, Platz and Millar (2001) insisted that there are different levels of motivation between addicted gamblers and regular customers. Further, the literature has identified that gamblers’ sexuality also affects their preferences and gambling behavior (e.g., Chantal, Vallerand, & Vallieres, 1995; Kassinove, 1998; McDaniel & Zuckerman, 2003; Volberg, 1994). In addition, customers with higher self-determination have higher levels of involvement in gambling than those with lower self-determination. This situation can be explained by the effects of self-determination on gamblers’ motivations. Gamblers who have high levels of self-determination are

affected by intrinsic motivations such as a sense of accomplishment and pleasure. Gamblers who have low levels of self-determination are affected by extrinsic motivations such as financial incentives.

Other studies also indicate that various motivations exist. Tarras, Singh, and Moufakkir (2000) conducted a survey to determine the motivations of elderly women gamblers. The researchers collected data from elderly women living in Michigan. The results indicated that the primary motivations for gambling include the entertainment and excitement derived from casinos, while the less important motivations for gambling include meeting different people, having an opportunity to test one's abilities, and having an opportunity to win a lot of money. However, another study based on data from graduate students at Northwestern University in America revealed that having an opportunity to win a lot of money is the most important motivation for gambling. Moreover, the entertainment and pleasure of gambling and meeting other people are identified in the same study as less important motivations for gambling (Neighbors, Lostutter, Cronce, & Larimer, 2002). The results of the two aforementioned studies suggest that gamblers' motivations could be moderated by the demographic variables of socioeconomic status (SES). By comparing the two different results, it can be inferred that the primary motivation of elderly female customers for gambling is relieving their boredom. In contrast, the most important motivation of young customers for gambling is satisfying their desire to communicate with others and win a lot of money.

As previously mentioned, the literature on gambling has demonstrated that various motivations for gambling exist. Further, casino customers' motivations are also affected by diverse variables that include age, gender, and social status. Nevertheless, studies on casino service problems are still at a relatively early stage. According to the literature on service context, casino service quality affects casino customers' behavior, such as the intention to visit and revisit. Thus, it is worth considering the factors that make casino customers participate in games and which factors moderate casino customers' behavior in terms of the service context. The current study focuses on casino customers' perceived service problems that can affect customers' behavior. Further, this study investigates how service failures affect casino customer behavior and also examines the types of effective recovery strategy.

2.2. Service Failure and Recovery

The literature on service failure and recovery has focused on customers' attitudes toward service failure (e.g., Bitner, Booms, & Mohr, 1994; Bitner, Booms, & Tetreault, 1990; Keaveney, 1995), customers' expectations about service recovery (e.g., Kelley & Davis, 1994; Zeithaml, Berry, & Parasuraman, 1993), types of service recovery strategy (e.g., Hoffman & Kelley, 1996; Hoffman, Kelley, & Rotalsky, 1995;

Johnston & Hewa, 1997), and the role of service recovery based on a theory of justice (e.g., Blodgett, Hill, & Tax, 1997; Tax, Brown, & Chandrashekar, 1998; Weun, Beatty, & Jones, 2004). These studies have mainly investigated the reasons for service failure and the types of recovery strategy, effective recovery strategies, the role of a theory of justice on customers' behavior, and so forth.

Generally, it is known that service failures in a customer service process are a critical issue for a service provider. However, some literature insists that service failures do not always influence customers' attitudes toward a service provider. For example, employees' inappropriate responses can be one cause of service failure (e.g., Kelley et al., 1993). However, a service failure can also be an opportunity for a service provider to build a stronger relationship with its customers (Berry & Parasuraman, 2004; Zeithaml et al., 1993). Indeed, a service provider's appropriate response to a service failure can enhance the relationship between a customer and the service provider. This type of response can also turn a severe problem into a trivial problem (Blodgett et al., 1997; Tax et al., 1998). Consequently, a service provider's appropriate recovery is considered an important factor that can encourage customers to have high degrees of loyalty.

Further, Swanson and Kelley (2001) suggested that quick and flexible responses to customers' complaints not only turn unsatisfied customers into satisfied customers; such responses also positively affect customers' commitment to, and engender trust in, the service provider. In other words, effective recovery management contributes to customers' favorable behavior toward a service provider and secures new customers. However, inappropriate and unprepared recovery management induces customers to switch brands and leads to negative word-of-mouth communication that decreases profits in the long term (Smith & Bolton, 1998).

Thus, service companies and the service literature have focused on the importance of service recovery and the development of effective recovery strategies. It is worth noting that a well-prepared and appropriate recovery not only improves customers' perception of service quality and increases satisfaction; it also generates higher customer satisfaction compared with service providers that do not experience service problems (Mueller, Palmer, Mack, & McMullan, 2003). This circumstance indicates that service failure could be an opportunity to enhance the relationship with existing customers and is not a disaster for a service provider. Based on the literature, it can be inferred that understanding the role of an appropriate recovery strategy is important when a service provider is faced with service failures. Ultimately, systematic recovery management enhances customers' trust in a service provider (Johnston, 1995).

2.3. Critical Incident Technique

The origin of CIT can be traced back approximately 60

years. CIT was developed by Flanagan and his colleagues as part of the Aviation Psychology Program of the United States Army Air Force during World War II. Originally, CIT was defined as a “set of procedures for collecting direct observations of human behavior in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles ...” (Flanagan, 1954 p. 327). For many decades, CIT has been used in various academic fields such as psychology and business (e.g., Chung-Herrera, Goldschmidt, & Hoffman, 2004; Funches, 2011; Holloway & Beatty, 2008; Reynolds & Harris, 2005; Seo & Yoon, 2013; Yoon & Seo, 2014).

CIT provides significant advantages (Kemppainen, 2000). First, it enables researchers to collect data rapidly. For example, the interview process usually takes less than 20 minutes. This rapidity reduces the mental and physical exhaustion of research participants; consequently, the participants can concentrate on the interviews, resulting in high quality answers. CIT also has flexibility that enables it to be applied to diverse kinds of research. Further, the interviews can be adapted to meet the individual purpose of a study (Anderson & Wilson, 1997; Flanagan, 1954; Woolsey, 1986).

In service contexts, CIT has been used to explore service research issues (Gremler, 2004; Hoffman & Chung, 1999). Initially, Bitner et al. (1990) used the CIT method to investigate sources of customer satisfaction and dissatisfaction. Following Bitner et al. (1990) research, numerous CIT studies have been conducted. Moreover, the CIT method is recognized as an appropriate methodology to investigate customers’ inner needs, especially as a quantitative method cannot cover all the variables (Gremler, 2004). Thus, the findings of the research that employs CIT provide information from the perspective of customers that is more specific and detailed. Further, with CIT the categorization of service issues proceeds systematically, thereby enabling researchers to derive more efficient service strategies (Bitner et al., 1990). Regarding investigations of customer satisfaction, CIT extracts with greater accuracy customer needs and desires that are based on the research participants’ actual descriptions than on quantitative methods such as regression analysis, analysis of variance, and structural equation modeling (Bitner et al., 1990).

CIT has appeared in various service contexts; however, to the best of our knowledge, it has not been adapted to casino service research. Practical difficulties lie behind the reasons why CIT has not been employed for such research. For example, face-to-face interviews are needed to collect information from foreign casino VIP customers; however, there are casino entrance limitations for native citizens that make it very difficult to contact foreign customers. For this reason, employing CIT in foreign casino research provides meaningful findings for researchers and practices.

3. Methodology

3.1. Data Collection and Procedure

<Table 1> shows the research participants’ nationalities, age distributions, and genders. Of the 227 respondents, 50.2% are Japanese, 29.5% are Chinese, 11.5% are Korean, and 8.8% are from other countries such as Taiwan. The data have a relatively high male-female ratio. The ratio of male participants in the data is 85.9%. The age of the participants mostly ranges between 31 to 60 years. Most of the participants are married (87.2%) and their highest level of education is college/university or better (58.6%).

The incidents were collected by 227 VIP customers who visited the casinos in the Republic of Korea. The participants are all VIP customers of the casinos. Usually, the participants are provided with complimentary items and services around \$1,000 from the casinos. Person-to-person in-depth interviews were conducted to obtain descriptive answers for the survey. The interviews were conducted by trained marketing managers from the P and W casino in Seoul, Busan, and Jeju Island that were exclusively for foreigners.

<Table 1> Sample characteristics

Respondents’ distribution (n = 227)			
Gender		Nationality	
Female	14.1%	China	50.2%
Male	85.9%	Japan	29.5%
		Korea	11.5%
Marital status		Other countries	8.8%
Married	87.2%		
Single	12.8%	Age	
		30 or younger	2.6%
Education		31–40	26.4%
University or more	58.6%	41–50	35.7%
Below high school diploma	41.4%	51–60	23.8%
		61 or older	11.5%

Source: own

It took five months to collect data because of real difficulties in the interview procedure. Customers’ nationalities were diverse. Moreover, it was very difficult to accommodate customers’ schedules because of their travel commitments. Further, most customers had limited time to participate in the interviews, and it was bad manners to conduct interviews with customers who had lost money in the casinos. For these reasons, the researchers arranged for the interviews to be conducted by marketing managers who had a relationship with the customers. The interview procedure was adapted from previous research (Bitner et al., 1990).

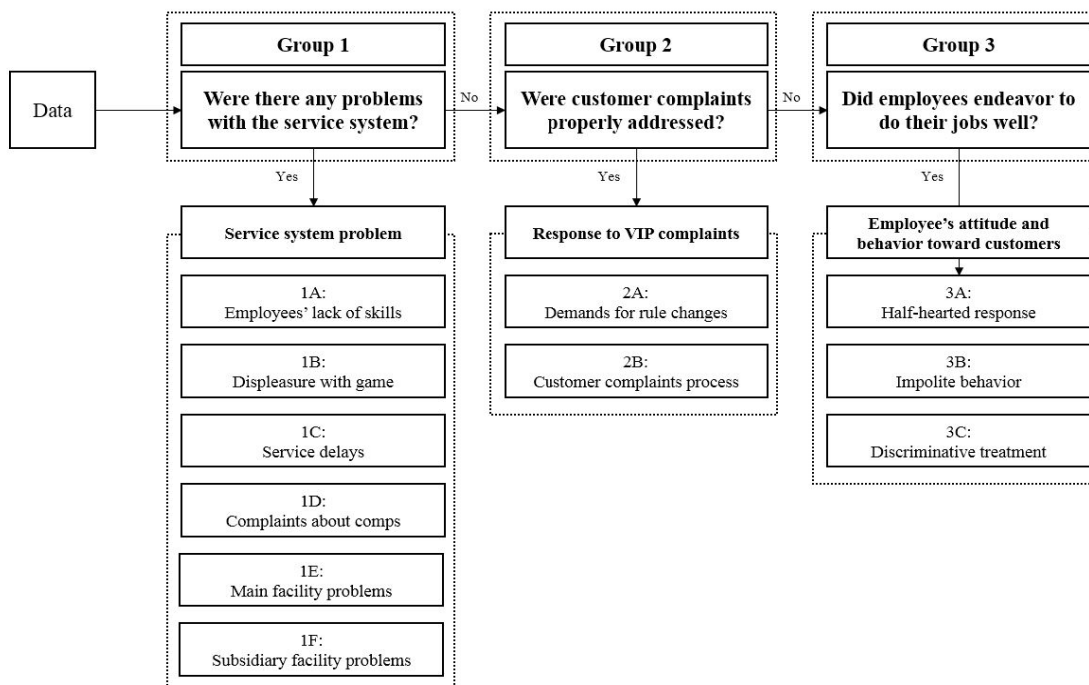
The marketing managers were trained to conduct person-to-person interviews and to explain the purpose of the survey. The authors of this paper also notified the marketing managers of additional matters that required special attention during the interview process. Each marketing managers asked to recruit and interview their VIP customers. The structure questions were asked of all participants and their answers were recorded on questionnaires (e.g., Think of a time when, as a customer, you had a particularly dissatisfying situation with an employee of a casino. When did the incident happen? What specific circumstances led up to this situation? Exactly what did the casino say or do? What resulted that made you feel the situation was dissatisfying?).

According to the procedure of the previous research (Bitner et al., 1990), the incident classification system of the CIT was operated when the data were collected as the first phase. Careful readings and sorting of the incidents into groups and categories according to similarities in the VIP customers' answers. In the next phase, identifying and articulating clear nature of the similarity, which forms the basis for the labeling of each category of incidents were conducted.

3.2. Data Analysis

In order to categorize the critical incidents, we adapted Bitner et al. (1990) service failure categorization method. Their method is logical in the way that it categorizes incipient service failure. Further, the method has also demonstrated reliability and validity in studies related to customer satisfaction, service failure, and recovery (Gremler & Bitner, 1992; Kelly, Hoffman, & Davis, 1993; Swanson, 1996).

A total of 227 critical incidents were investigated. The results show that three main categories and 11 subcategories are deduced (see <Figure 1>). The three main categories are designated groups 1, 2, and 3. The first group concerns casino service system failures. The second group relates to service providers' responses to VIP customer complaints. The last group covers employees' attitudes and behavior toward customers. Further, each group has subcategories. Group 1 has six subcategories, group 2 has three subcategories, and group 3 has three subcategories. The categorization is based on the highest status incidents and the critical incidents that led to service failure.



Source: own

<Figure 1> Categorization of critical incidents

4. Results

4.1. Categorization of Service Failure

The main three groups are extracted as the result of data analysis. The first group includes six subcategories. Category 1A refers to casino employees' lack of skills. 1B suggests that customers experienced psychological discomfort during games caused by issues such as frequent dealer changes, employees who were striving to win, and miscommunications between customers and employees. One of the detailed cases in this subcategory is shown in the <Table 2>. 1C concerns service delays; for example, delays in the processing of customer complaints and late meals. 1D covers problems regarding customers' complaints about comps (complimentary items and services), such as the cost of meals, differences between customer expectations and actual customer experiences regarding hotel accommodation and vehicles, and airline reservations. 1E relates to main facility problems in a casino. For example, problems with brightness in a casino, indoor air quality, and uncomfortable installations. 1F concerns subsidiary facility problems that occur during the use of subsidiary facilities, and the cost of such facilities.

The second category has two subcategories. The first, 2A, concerns a customer's demand for rule changes. Included in this subcategory are a customer's demand to adjust the upper limit in a game, a companion's request that infringes a casino's rules, and customer complaints about a casino's card-shuffling machine. The second subcategory, 2B, relates to the customer complaints process. Included in this subcategory are an ill-prepared response to a customer complaint, a rejection of customers' reasonable demands such as opening a new gaming table (see <Table 3>), and a refusal to allow eating at the gaming tables.

The third category has three subcategories. 3A is the first and concerns half-hearted responses to customers' demands. Such responses include employees' greetings that are given for form's sake, employees' insincere services, and employees' casual and lazy attitude. 3B relates to the impolite behavior of employees. Examples include employees' placing the entire blame for problems on customers, employees' sneering at customers' mistakes during games, employees' frowning at customers, impolite gestures from employees, and ridiculing customers who lose money. 3C is the last subcategory and concerns discriminative treatment at a casino. An example, as shown in <Table 4>, is that of employees discriminating on the grounds of nationality. Other typical examples are employees engaging in sexual discrimination and discrimination in favor of wealthy customers who bet higher amounts.

<Table 2> A case from group 1: The failure of a casino's service system

1B: An inconvenience during game play		
Nationality: China	Age: 35	Gender: Male
"I think it would be better to create a more comfortable atmosphere for the games. P casino dealers were too sensitive and dealer rotation was also very frequent. I felt bad because of the inconvenience of the situation and complained to the manager about this. He tried to evade the situation; also, his apologies did not seem heartfelt. The dealers have no consideration for customers; they only work to make a profit for P casino. I think I am becoming allergic to this ridiculous atmosphere. I never enjoy games in this uncomfortable situation. I really hate P casino, which provides a poor service. I did not want to visit this place again because I have already had an uncomfortable experience; but I came here again because of my companion, who likes the scenery around the P casino."		
1C: Service delays		
Nationality: Korea	Age: 47	Gender: Male
"A Manager had told me that he will fix the problem when I complained about the dealer's mistake. I went back to my hotel room because there was not corrective action while I was waiting for a long time at the game place. Later the dealer who made a mistake and the manager came to see me. They apologized for her mistake during the game. However, they said that I have some responsibility for the mistake. I could not understand why I do have a responsibility for the mistake because the dealer broke the flow during the game. There were no compensations and a genuine apology for their actions. I was angry about their late response at that time."		

Source: own

Service system problem (group 1). Service problems that belong to this group consist of six subcategories: (1) a casino dealer's lack of gaming skills, (2) an inconvenience during a game, (3) frequent service delays, (4) complaints about casino comps, (5) main facility problems, and (6) subsidiary facility problems. The CIT results show that this group has the most frequently occurring service failures among the three groups. This finding implies that casino customers' perceived service failures are mostly, and closely, related to core services. However, the mean score of customers' perceived service failures show that the most serious problem is a casino dealer's lack of skills (M = 8.29), as illustrated by the complaint in <Table 2>. Further, the results indicate that the mean score of service recovery for an inconvenience during a game is the lowest (M = 3.36). From this finding, it can be inferred that customers' perceptions of recovery action in this instance are that the action is insufficient. In addition, subsidiary facility problems are identified as not only having the lowest frequency in

group 1; the findings also show that the level of service recovery for this subcategory is the most satisfactory.

<Table 3> A case from group 2: A response to a VIP customer complaint

2B: Poor response to a customer complaint		
Nationality: Japan	Age: 65	Gender: Male
<p>"When I entered the casino, all the baccarat tables were full and I remained waiting, sitting on a chair, for almost two hours. I was looking forward to the games finishing, but nobody ended their games. Therefore, I asked a manager to open one of the empty baccarat tables with whatever seats were available at the casino. However, the manager did not make any positive response to my complaint. When I asked him about opening a table, he flatly refused. I have had just about enough of this. The W casino invited me to the game; then why did I have to wait more than two hours for the game? I thought this is ridiculous. I was very upset about the situation, and I called a branch manager to complain; but this time the branch manager just said all the tables at the casino are busy and sorry about that. Finally, I got out of the place and went to my room. The branch manager followed me to my room and he repeated his explanation about the situation."</p>		
2A: demands for rule change		
Nationality: China	Age: 42	Gender: Male
<p>"The manager refused to modify the table limit saying it was against the rules when I asked him if I can bet over the table limit. It doesn't make any sense to me, because other casinos in Southeast Asia actually are more flexible for the table limit. I could not understand the casino's strict enforcement of regulations. After a while, a marketing officer came to explain the specific regulations in the Republic of Korea. However, I felt still angry, because my claim was rejected."</p>		

Source: own

Response to VIP customer complaints (group 2).

Customers' perceived responses to their complaints are divided into two subcategories: (1) complaints about issues that are not in the rules and (2) the customer complaints process. The results show that service failure frequency in this group is lower compared with the other groups. The reason for the low frequency of service failure could be because of the limited customer needs in the casino industry and because casinos are well prepared to manage their customers (Bitner et al., 1990). As shown in <Table 5>, the mean score for customers' perceived service failure in group 2 is 6.71 and the mean score for customers' perceived satisfaction after recovery is 5.78. From these results, it can be inferred that dilemmas for casino employees may arise during the service process.

<Table 4> A case from group 3: Employees' attitudes and behavior toward customers

3C: Discriminative treatment		
Nationality: China	Age: 42	Gender: Male
<p>"Managers were very rude and unfriendly to us (Chinese customers), whereas they were so kind and sweet to Japanese customers. They even told us, with a discontented look on their faces, not to make a noise. The most important thing is that they restricted my friend from looking at my games. It was worse when W casino dealers were losing the games. Though I was stunned when it happened, I did not bring any complaints in this regard. Afterward, I made complaints about the situation I had experienced; then, the branch manager made stereotypical comments such as W casino will fix the problem in the future. I know the branch manager personally, that is the only reason why I use this casino. We were treated very poorly and disrespectfully, and I am still angry at the situation. The dealer creeps me out."</p>		
3B: Impolite behavior		
Nationality: China	Age: 41	Gender: Male
<p>"I was standing in front of the baccarat table to move to another table. All of the sudden, the manager who was near the table made a signal to me. I knew he was going to try to motion me away. I was very upset about the rudeness of the manager and it made me shouting with anger. A marketing officer rushed to the scene and he apologized for the behavior of the manager. He also said that the seat I wanted to sit in was not empty. Another customer was away from her seat to have a dinner. But in my opinion, the manager's behavior was very rude. After this situation, I decided never to revisit P casino."</p>		

Source: own

Employees' attitudes and behavior toward customers (group 3).

Service problems in group 3 consist of three subcategories: (1) an employee's half-hearted response, (2) impolite behavior and attitude toward customers, and (3) discriminative treatment. The mean score for customers' perceived service failure in this group is higher compared with the other groups (M = 7.41). However, the mean score for customers' perceived satisfaction after recovery is lower (M = 4.93) compared with the other groups. Service failure regarding an employee's half-hearted response is the most frequent service failure among the 11 subcategories. For example, a typical offending action of an employee is a manager's poor attitude toward customers, which includes paying little attention to customers' requests. The results show that the mean score for impolite behavior of casino employees (M=8.65) is the highest among the 11 subcategories. Moreover, the mean score for customers' satisfaction after service recovery (M=4.53) is the lowest among the 11 subcategories. These results imply that service recovery for impolite behavior is an important factor

but is also difficult to manage from the casinos' perspective. The issues of employees frowning at customers and placing the entire blame for a problem on customers frequently arose in the 3B category (impolite behavior).

4.2. Recovery Strategies of Casino Companies

This study also investigated the recovery strategies of casino companies. In this regard, CIT derived six service recovery strategies: (1) providing additional comps, (2) excellent responses, (3) a cursory apology to customers, (4) unresponsive employees, (5) ignoring customers, and (6) using rules as excuses. The six categories are also divided into three types of recovery strategy: (1) intangible recovery, (2) tangible recovery, and (3) negative responses.

As shown in <Table 6>, the casino companies that provide additional comps have the lowest frequency (7). This result implies that such casino companies conduct very little tangible service recovery. However, customers' perceived recovery satisfaction is the highest (7.71) among the recovery strategies. This finding is in accordance with prior research. Tax et al. (1998) emphasized the importance of tangible recovery. Indeed, a tangible recovery strategy has a more positive effect on customer satisfaction than other strategies (Hoffman et al., 1995; Kelly et al., 1993). However, intangible recovery accounts for 68.72%, which is the highest proportion of service recovery. This finding also indicates that the recovery strategies of casino companies mostly focus on intangible recovery. Further, the customer

satisfaction score for excellent responses is high (7.29). From the results of this study, it can be inferred that casino employees' excellent responses could be a significant variable that positively affects customers' satisfaction after service recovery.

Negative responses of casino companies and the three subcategories are considered double deviations, according to Bitner et al. (1990). Such double deviations have negative effects on customer behavior. Customers who experience negative responses from casino companies switch brands and engage in negative word of mouth. In sum, the recovery strategies of casino companies can be categorized into three types. Further, the effects of each recovery strategy on customers' intentions to switch brands together with perceived image change show different results. For example, customers' intentions to switch brands together with perceived image change are lower when tangible recovery, such as providing additional comps, is conducted compared with the recovery strategies of intangible recovery and negative responses. Moreover, negative responses such as unresponsive employees, ignoring customers, and using rules as excuses could negatively affect not only customers' perceived image of casino companies, but also customers' intentions to switch brands. Another significant result is that the frequency of tangible recovery in the context of casino service failure is lower than in other service industries. Further, the result indicates that casino companies seldom conduct tangible recovery (e.g., Hoffman, Kelley, & Chung, 2003; Hoffman et al., 1995).

<Table 5> Types of service failure (with failure frequency and scores)

Types of service failure	Frequency	Proportion (%)	^a Perceived failures	^b Perceived recoveries
Group 1: Service system problem				
1A: Employees' lack of skills	14	6.17	8.29	5.64
1B: Displeasure with game	33	14.54	7.88	3.36
1C: Service delays	12	5.28	7.17	6.17
1D: Complaints about comps	25	11.01	7.72	5.44
1E: Main facility problems	27	11.89	6.22	5.11
1F: Subsidiary facility problems	13	5.73	4.69	7.15
Sum of Group 1 (mean)	124	54.62	(7.00)	(5.48)
Group 2: Response to VIP customer complaints				
2A: Rules	19	8.37	6.84	5.05
2B: Customer complaints process	14	6.17	6.57	6.50
Sum of Group 2 (mean)	33	14.54	(6.71)	(5.78)
Group 3: Employees' attitudes and behavior toward customers				
3A: Half-hearted response	36	15.86	6.64	5.19
3B: Impolite behavior	20	8.81	8.65	4.53
3C: Discriminative treatment	14	6.17	6.93	5.07
Sum of Group 3 (mean)	70	30.84	(7.41)	(4.93)
Total (Mean)	227	100	(7.06)	(5.38)
Notes: ^a Failure scores are rated on a scale from 1 (minor problem) to 10 (major problem);				
^b Recoveries are rated on a scale from 1 (very poor) to 10 (very good)				

Source: own

<Table 6> Corresponding types of casino company

Corresponding type	Frequency	Proportion(%)	^a Satisfaction	^b Image change	^c Brand switching
Tangible recovery					
Additional comps	7	3.08	7.71	2.43	2.71
Intangible recovery					
Excellent responses	91	40.09	7.29	2.61	3.11
Cursory apology	65	28.63	4.36	3.03	3.37
Sum of intangible recovery (mean)	156	68.72	(5.825)	(2.82)	(3.24)
Negative responses					
Unresponsive	22	9.70	3.69	3.27	3.38
Ignoring	19	8.37	2.60	3.80	3.90
Using rules as excuses	14	6.17	6.93	5.07	
Sum of negative responses (mean)	64	28.20	(2.91)	(3.56)	(3.66)
Total (Mean)	227	100	(5.48)	(2.96)	(3.20)
Notes: ^a Recoveries are rated on a scale from 1 (very poor) to 10 (very good); ^b Image change scores are rated on a scale from 1 (very better) to 5 (very worse); ^c Brand switching scores are rated on a scale from 1 (I will not) to 5 (I will).					

Source: own

5. Conclusions

5.1. General Discussion and Implications

This study analyzed casinos' various service failures and service recoveries in order to investigate VIP customers' behavior. The CIT results categorized the severe service failures and recovery strategies of casinos. This study's contributions will be useful for casino marketing managers and the casino services' field who involving VIP customers because the data used in this study are very difficult to access. Based on the results of this study, it is suggested that the following issues are worth discussing regarding VIP customers behavior.

First, this study has identified that the most frequent service problem in casinos was service providers' gloomy faces and insincere service. The next most frequent problem was customers' discomfort during games. Rude and inappropriate employee behavior was ranked as the most severe service failure, followed by employees' lack of game skills and customers' discomfort during games in that order. VIP customers who experienced these kinds of problem perceived relatively lower levels of service recovery. Thus, casino companies need to recognize that the aforementioned service problems could negatively affect VIP customers' satisfaction with using casinos. Further, it is also identified that minor factors such as indoor air quality could affect customers' satisfaction. Following narrative implies that an environment of the business place is one crucial factor that affects VIP customers' satisfaction; I found out that the

indoor of P casino was underlit and the air quality was poor throughout the casino. Furthermore, all the chairs at the table were too small for me and the place was so crowded with other customers. This finding is in line with recent research on store atmosphere and customer satisfaction. Researchers (Ryu & Bringham, 2015; Shin, Hwan, Lee, & Cho, 2015; Yang, Han, & Eom, 2013), suggested that the atmosphere of the store environment can be a factor that affects customer satisfaction and loyalty. The casino companies should not lose an opportunity to prevent customer secession in this regard.

Second, with regard to the service recovery strategies of casinos, intangible service recovery was mainly provided when service failures occurred. For example, excellent responses and cursory apology by the casinos. This study's results show that the frequency of casino companies' negative responses was higher than those of other service industries; however, tangible recovery was hardly provided in spite of it is an important recovery strategy to satisfy customers' needs. This result indicates that casino service providers lack systematic service recovery strategies, especially who deal with VIP customers.

Third, the change in VIP customers' perceived image of casino companies and customers' intentions to switch brands based on casinos' recovery patterns were also investigated. Tangible recovery strategies such as "all pay" and "additional comps" were proven to enhance a casino's image and lower customers' intentions to switch brands. VIP customers, however, also preferred intangible recovery such as considerate responses, reliable problem management, sincere

apologies, and accurate explanations. The participants had a strong dissatisfaction with intangible service problems. For instance, following narratives show how VIP customers feel about intangible cues in service process; (1) The time I was demanded to move to another table I felt an anger. The reason why I was angry with the manager was it is an impossible situation since I was on gaming at that time. (2) The dealer and pit boss had been nice to me when I was losing my money. However, the expression on their face froze when I start to win. It seemed that they were unhappy since my wins. This result implies that tangible recovery and intangible recovery strategies need to combine. Further, it is impossible to meet all the customers of casino companies. Focusing on VIP customers who contribute to profits could be an effective strategy. Moreover, the implications from this study will provide significant information to casino companies. The CIT based information about VIP customers will be used to establish effective marketing strategies.

5.2. Limitations and Directions to Future Research

In spite of the considerable contributions from the results

of this study, a number of future research directions stem from the study's inherent limitations.

First, data collection from casinos' VIP customers is very difficult because of the customers' sensitive responses to interviews and surveys. Foreign VIP customers have limited time when they travel to a country and are reluctant to have contact with complete strangers such as researchers. This is particularly evident when the customers have lost money in a casino. For this reason, data from VIP customers in just two foreign casinos were collected in this study. Thus, a broader sample is needed from various casinos in order to generalize this study's findings.

Second, a qualitative method such as CIT is a significant approach for investigating customers' inner needs with regard to service expectations and service problems (Hoffman et al., 2003; Zhang, Beatty, & Mothersbaugh, 2010). This study also suggested several factors that affect customers' perceived service failures and degrees of recovery. However, if quantitative methods could demonstrate relationships between the variables used in this study, it may be possible to derive robust implications from the theoretical models.

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