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THE INFLUENCE OF PERCEIVED LOYALTY PROGRAM VALUE ON SATISFACTION, SWITCHING COSTS, AND ATTITUDINAL AND BEHAVIOAL LOYALTY: AN EMPIRICAL INVESTIGATION OF A CASINO LOYALTY

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ABSTRACT

THE INFLUENCE OF PERCEIVED LOYALTY PROGRAM VALUE ON SATISFACTION, SWITCHING COSTS, ATTITUDINAL AND BEHAVIORAL LOYALTY: AN EMPRICAL INVESTIGATION OF A CASINO LOYALTY

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Due to the rapid expansion in casinos and other gaming opportunities (e.g., web-based gaming, lotteries, racino, etc.), almost every casino is using loyalty programs as a key component of their marketing strategies. However, the value of customer loyalty programs has been questioned in part because empirical research on the effects of loyalty schemes has been inconclusive. The purposes of this study are to aid understanding of the effectiveness of casino loyalty programs, to segment loyalty program members based on the number of casino loyalty programs to which casino patrons belong, and to compare these segments' socio-demographic characteristics, gaming behaviors, perceived value of loyalty program, as well as their attitudinal and behavioral loyalty. In addition, this study developed and tested an integrated casino loyalty model to examine the influence of loyalty program value on customer satisfaction, switching cost, and attitudinal and behavioral loyalty.

A data driven web-based survey system was utilized to collect data from loyalty program members of a major casino gaming company. The finding suggests that the majority of respondents are multiple casino loyalty program members. In addition, customers who are multiple loyalty program members tend to exhibit lower perceived value of loyalty program, perceive switching cost, satisfaction, attitudinal and behavioral loyalty compared to those with one loyalty program membership. Structural equation

modeling was utilized to examine the influence of loyalty program value (e.g., economic value, special treatment/services, communications) on customer satisfaction, switching cost, and attitudinal and behavioral loyalty. The results suggest that all components of the casino loyalty program directly or indirectly influence the perceived switching cost, satisfaction, attitudinal and behavioral loyalty.

This study is one of only a few empirical studies of customer loyalty programs and is perhaps the most comprehensive study of customer loyalty programs in the casino industry. This study resulted in a number of findings that shed light on loyalty, designing loyalty programs, and even casino management. This empirical validation of customer loyalty will improve the understanding of the value of these programs and will lead to suggestions for their use by the gaming industry.

This dissertation is dedicated to my parents for their endless love, support, and encouragement.

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CHAPTER 1

INTRODUCTION

The Gaming Industry in the United States

According to the American Gaming Association (2007), 460 commercial casinos, 713 card rooms, 36 racetrack casinos, and 372 Indian casinos in the United States (Table 1) generated total gaming revenues of $83.7 billion in 2005. Providing hundreds of thousands of jobs, generating billions of dollars in needed tax revenue and contributing to improvements in communities nationwide, the gaming industry has become a significant force in the U.S. economy (Terri C. Walker Consulting, Inc., 2002).

In 1931, Nevada was the first state to legalize casino gaming. The actual boom began with the opening of the Flamingo in 1947. For more than four decades, Nevada was the only state where casino gaming was offered. However, New Jersey voters approved legislation to allow gaming in Atlantic City in 1976, and the first casino opened two years later, in 1978. Atlantic City has since grown into the country's second-largest casino destination, with annual revenues of $5.51 billion in 2006.

Since the passage of the 1988 Indian Gaming Regulatory Act, gaming has become one of the fastest-growing industries in the United States. From 1989 to 1998, nine more states authorized commercial casino gaming: Colorado, Illinois, Indiana, Iowa, Louisiana, Michigan, Mississippi, Missouri and South Dakota.

In 2006, 460 commercial casinos in 11 states generated annual gross gaming revenues of $32.42 billion (Table 2) --a 6.8% increase over 2005 figures (AGA, 2007). Total gross gaming revenues from pari-mutuel wagering, lotteries, casinos, legal

Table 1. States with Commercial Casino, Racetrack Casino, Tribal Casino, Card Room, and Electronic Gaming Device (Adapted from the American Gaming Association, 2007)

	Commercial Casino	Racetrack Casino	Tribal Casino	Card Room	Electronic Gaming Device[1]
Alabama			3*		
Alaska			3*		
Arizona			23	91	
California			58		
Colorado	46Ω		2		
Connecticut			2		
Delaware		3▪			
Florida		2	8*	16	
Idaho			6		
Illinois	9				
Indiana	11				
Iowa	16	3	1		
Kansas			5		
Louisiana	16	3	3		2,298
Maine		1			
Michigan	3		15		
Minnesota			20	1	
Mississippi	27		2		
Missouri	11		1		
Montana			24	493	1,728
Nebraska			3*		
Nevada	274[2]				
New Jersey	11				2,230[3]
New Mexico		5▪	21		
New York		8	7		
North Carolina			2		
North Dakota			6		
Oklahoma		3	79		
Oregon			9		2,174▪
Pennsylvania	+	2			
Rhode Island	36Ω	2▪			
South Dakota			11		1,472▪
Texas			1*		
Washington			32	112	
West Virginia		4			1,665▪
Wisconsin			24		
Wyoming			1		
Total	**460**	**36**	**372**	**713**	**11,567**
Number of States	**11**	**11**	**28**	**5**	**6**

* Class II games only, Ω Limited-stakes gaming, ▪ Video lottery terminals, + Legalized but not operational

[1] Refers to number of non-casino locations in-state where electronic gaming devices are present

[2] Included only locations with gross gaming revenue of at least $1 million

[3] Locations have 15 or fewer machines

Sources: American Gaming Association, National Indian Gaming Commission, State Gaming Regulatory Agencies (2007)

bookmaking, charitable gaming and bingo, Indian reservations and card rooms reached $83.7 billion in 2005 (AGA, 2007). More than $5 billion of those revenues were paid back in the form of direct gaming taxes to the states and cities where commercial casinos are located. The 460 commercial casinos across the country employed 366,197 people who earned a total of $13.3 billion in salaries, benefits and tips.

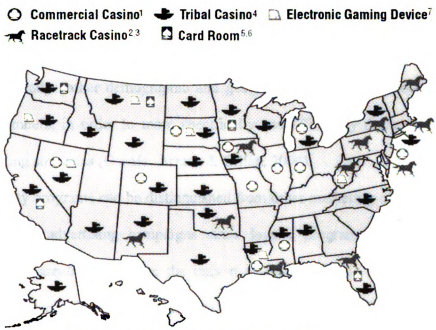
Table 2. 10-Year Gaming Revenue Trends (Adapted from the American Gaming Association, 2007)

Year	Total Commercial Casino	Total Gaming
1995	$16.0	$45.1
1996	$17.1	$47.9
1997	$18.2	$50.9
1998	$19.7	$54.9
1999	$22.2	$58.2
2000	$24.3*	$61.4
2001	$25.7*	$63.3
2002	$26.5*	$68.6
2003	$27.0*	$72.9
2004	$28.9	$78.8
2005	$30.3	$83.7
2006	$32.4	Pending

Note: All amounts in billions
*Amount does not include deepwater cruise ships, cruises-to-nowhere or non-casino devises
Sources: American Gaming Association, Christiansen Capital Advisors LLC

The rapid expansion in casinos and other gaming opportunities such as racetrack casinos (racinos), web-based gaming, and lotteries has dramatically increased competition for gamblers, especially for serious gamblers. Casinos and gaming regions in places like Las Vegas, Reno, and Atlantic City initially responded to this competition by augmenting and expanding their product lines and launching ever more costly promotions. However, casinos have moved away from investing millions of dollars in facilities and attractions. Instead, they are placing greater emphasis on customer relationship marketing (CRM) to build and strengthen relationships, to retain their

customer base, and to acquire new customers (Barnes, 1997; Dwyer, Schurr, & Oh, 1987; Ganesan, 1994; Garbarino & Johnson, 1999; Morgan & Hunt, 1994; Palmer & Mahoney, 2005). A greater emphasis on relationship marketing concept has led many of the biggest and best-known casinos to reconfigure their resources and implement customer loyalty programs as a core marketing strategy (Bolton, Kannoan & Bramlett, 2000; Dowling & Uncles, 1997; Kivetz & Simonson, 2002; O'Brien & Jones, 1995; Sheth & Parvatiyar, 1995).



1 Stand-alone casinos in Pennsylvania are legal but not yet operational.
2 In Rhode Island, there are video lottery terminals operating at a closed jai alai fronton, not considered a racetrack casino, but a pari-mutuel facility.
3 The states with racetrack casinos operate Class III gaming machines. There are two racinos in Alabama — not indicated on this map — that have Class II machines only, which are legal only in the counties where they operate.
4 Native American casinos noted here include both Class II and Class III facilities. States with Class II gaming only are Alabama, Alaska, Florida, Nebraska and Texas.
5 The states with card rooms indicated here do not include states that have commercial casinos with poker facilities.
6 The card rooms in Washington operate blackjack and other house- or player-banked card games in addition to poker.
7 The electronic gaming devices operating in the states indicated on this map are recognized as legal operations. There are some states with similar facilities, but the machines may not be authorized.

Figure 1. Casino Locations by Category (Adapted from the American Gaming Association (2007)

Loyalty Programs and Their Role in Casino Marketing

Loyalty programs are a relationship marketing strategy designed to reward customers on the basis of the amount and frequency of their purchases (Kivetz & Simonson, 2002; Sharp & Sharp, 1997). They are based on the premises that retaining customers is less expensive than acquiring new ones and that the best customers are the most profitable (Bolton & Drew, 1994; Reichheld, 1996). Loyalty programs are meant to add customer value(s) (e.g., recognition, preferred treatment, access to special products and services, incentives/comps, etc.), encourage loyal behavior, and reduce or eliminate the use of competing products or services (Rust, Zeithaml, & Lemon, 2000). In addition, companies usually gather demographic and geographic information about their loyalty program members, in order to more specifically and efficiently design and customize their marketing strategies (Goméz, Arranz & Gillán, 2006).

Loyalty programs can be distinguished from other marketing offers, such as sales promotions and advertising campaigns since loyalty programs have a longer-term orientation and are thought to be the only marketing initiative which is intended to change buyers' repeat purchase patterns (Sharp & Sharp, 1997). As customers accumulate equity in the sponsoring firm, switching costs are formed as customers become more immune to competitors' offerings. Conversely, when a sales promotion ends, customers are likely to revert to previous behaviors (Ehrengerg, Hammond, & Goodhart, 1994).

The airline industry introduced the first loyalty program in the early 1980s, offering free trips and upgrades based on the number of miles flown (Baloglu, 2002; Lacey & Sneath, 2006). Following the technology boom in the 1990s, many other

industries followed suit, including retailers, financial services, and grocery stores. Schneiderman (1998) reported that nearly half of the US population belonged to at least one loyalty program and that such programs were growing at a rate of approximately 11% per year. Loyalty programs have become even more widespread in hospitality businesses such as airlines, hotels, casinos, and rental cars (Baloglu, 2002).

The casino industry has become intensely competitive since the passage of the 1988 Indian Gaming Regulatory Act (Border, 1990; Bowen, 1994; McKim, 1999). This has forced casinos to concentrate more on relationship marketing and to build barriers and raise switching costs in order to prevent losing their customers to competitors (Bowen, 1994; Heun, 2000). As a result some form of a loyalty program is now offered by almost every casino (Palmer, 2003). However, Palmer and Mahoney (2005) noted that some casinos are developing and modifying their programs without conducting scientific marketing research, establishing linkages with strategic priorities, or calculating the return-on-investment from various reward incentives. They further concluded that poorly implemented loyalty programs can reduce their return-on-investment. Furthermore, these programs must be evaluated to advance the body of knowledge on loyalty and loyalty rewards programs due to lack of research completed on loyalty programs in general, and the fact that casino loyalty programs have only been developed over the last five to ten years (Palmer, 2003).

Statement of Problem

There are compelling reasons to study loyalty programs in the casino industry. Although there is a proliferation of loyalty programs and a significant number of dollars have been invested in them (Dowling & Uncles, 1997), their performance has not

received much scientific scrutiny. Studies of loyalty programs have focused primarily on proxy measures of loyalty (e.g., amount and value of purchases). The concern is that these proxy measures take a very narrow view of customer loyalty and provide an incomplete picture of the strategic value and contribution of loyalty programs. According to Baloglu (2002), it is possible that customers repeatedly purchase a product or service for reasons other than psychological commitment or attachment to a product or service (e.g., convenience, habit, price discounts, etc.). He further contends that customers may remain committed to a loyalty program only up until they have obtained their desired incentive or the program ends. This suggests that researchers should examine not only the number or value of purchases but also the attitudinal attachment to the company, the product, or service.

The value of customer loyalty programs is questioned since empirical research on the effects of loyalty schemes has been inconclusive. O'Brien and Jones (1995) state that rewards programs do create loyalty, and Dowling (1998) argues that a loyalty program is critical to be a player in the lodging industry. However, some researchers remain unconvinced about their effectiveness in generating and sustaining customer loyalty, and some view these programs as a drain on firm resources which actually add little to firm revenue and profit streams (Barnes 1997; Kearney, 1990; Newell, 2000; O'Brien & Jones, 1995; Uncles, 1994). Inconsistent results of loyalty programs have led researchers to remark that "which organizations, under what conditions, and at what times (loyalty programs are effective) remains something of a mystery" (Roehm, Pulllins, & Roehm, 2002, p.202). Thus, research on the effectiveness of loyalty programs within the casino

industry should verify whether or not these programs create switching costs, build attitudinal loyalty, and encourage repeat purchases.

While it is true that there has been a rapid proliferation of casino loyalty programs, Palmer and Mahoney (2005) contend that most casino loyalty programs are based on a "follow the leader" design rather than analytical studies of the effectiveness and return-on-investment from different elements of casino loyalty programs. In addition, Ehrenberg (1997) claims that loyalty programs only maintain their positions in a defensive perspective in a competitive market. Since so little research has been completed on casino loyalty programs, there is an urgent need to evaluate these programs. Such research is an essential step in developing true customer loyalty. Moreover, this can assist casinos in the design of better incentives that appeal to different customer segments.

Objectives of the Study

The purpose of this study is to determine: (1) whether or not loyalty programs create customer loyalty and build switching cost that increase customer loyalty, and (2) if customers who belong to multiple casino loyalty programs reveal less behavior and attitudinal loyalty, and therefore spend less money at the client casino. It is intended to aid understanding of the effectiveness of casino loyalty programs by segmenting loyalty program members based on the number of casino loyalty programs to which they belong, and to compare relative attitudinal and behavioral loyalty. Another purpose of this study is to develop and test an integrated casino loyalty model which can be used to assess the influence of the perceived value of loyalty programs on customer satisfaction, the

perceived switching cost, and ultimately their attitudinal and behavioral loyalty. The design and implementation of this study have the following objectives:

1. Segment casino loyalty program members based on numbers of casino loyalty programs to which they belong;
2. Compare and contrast these segments on their members' socio-demographic characteristics;
3. Determine differences in gaming behaviors across segments;
4. Investigate and contrast these segments' perceived value of the casino loyalty program, perceived switching costs, satisfaction, attitudinal and behavioral loyalty to the casino;
5. Develop and test an integrated casino loyalty model;
6. Examine and compare attitudes and behaviors of segments to determine the effects of the perceived loyalty program.

Significance of the Study

This study is one of only just a few empirical studies of customer loyalty programs and it examines loyalty in a more comprehensive fashion than previous research efforts. Since most customer loyalty programs are designed to create, develop, and preserve customer loyalty, it is important to study loyalty in terms of both attitudinal and behavioral perspectives (Day, 1969; Dick & Basu, 1994; Jacoby & Chestnut, 1978). However, most studies only examine behavioral effects. Failure to consider attitudinal variables may result in a false sense of customer loyalty as behavioral measures are

incapable of offering a complete understanding of the factors contributing to customer loyalty. Thus, this study looks into both the behavioral and the attitudinal dimensions of loyalty. In addition, the inclusion of perceived value of the loyalty program, perceived switching cost, satisfaction, attitudinal and behavioral loyalty in a single model will allow for an exploration of the relationship between these constructs and to explore their antecedents.

Javalgi and Moberg (1997) argue that loyalty differences between services would exist and the relationships between attitudinal and behavioral loyalty would depend on the competition within a service segment. Arguing that loyalty should be examined for each segment, some researchers provided empirical evidence that the linkages between loyalty and its antecedents, such as service quality and switching costs, vary significantly across service industries (de Ruyter, Wetzels, & Boloemer, 1998). This would suggest that the nature of relationships marketing and antecedents and outcomes of customer loyalty should be studied across service operations. Thus, this study will provide more useful strategic insights and lead to a better understanding of the implications of loyalty within the casino context.

There are no empirical research on the effects of a perceived value of casino loyalty programs (e.g., perceived economic value, special treatment/services, communications) on customer satisfaction, perceived switching costs, and attitudinal and behavioral loyalty. The literature on U.S. casino loyalty programs identifies the components of a loyalty program as economic value, special treatment, and communication; all are included in this model. Through their inclusion, the extent to which perceived value creates attitudinal and behavioral loyalty can be examined. In

addition, this study will identify whether or not any differences exist among segments. Casinos can apply the findings from this work to improve their loyalty programs. Evaluating different elements of loyalty programs will create an understanding of whether and how these programs build attitudinal and behavioral loyalty.

Ehrenberg (1997) claims that loyalty programs can only maintain a defensive position in a competitive market. Moreover, casinos continually add benefits and offer special promotions aimed at loyalty program members in an effort to keep pace with or gain an advantage over their competitors (Palmer, 2003). However, not only customers have access to multiple loyalty programs, but also switching cost is assumed to be relatively low (Palmer, 2003). Thus, segmenting customers based on the number of loyalty programs to which they belong, and investigating whether customers with multiple loyalty program memberships demonstrate less attitudinal and behavioral loyalty, will offer an interesting insight into potential marketing strategies. In addition, the findings of this study will help companies allocate their finite resources to effective relationship marketing strategies. This research offers greater conceptual and practical insight into the design, targeting, and application of loyalty programs.

The relevance of switching barriers varies across services contexts (Jones et al., 2002; Patterson, 2004). For example, relational costs can be significant for services which require high interpersonal contact, such as auto repair (Bansal et al., 2004) and hairstyling/barber services (Jones et al., 2000). A casino, however, has relatively lower interpersonal contact than these other businesses, but higher interpersonal contact than mobile services. However, no empirical study has been conducted on the effects of switching costs on loyalty in the gaming setting. In addition, previous studies show

inconsistent results on the effects of switching costs on customers' loyalty decisions. Such inconsistencies can be attributed to several variables, such as the nature of the service and measurement issues. Thus, this study measures whether the loyalty program creates switching costs and whether those switching costs influence loyalty and customer satisfaction.

Definition of Terms

Gross Gambling Revenue (GGR) is the amount wagered minus the winnings returned to players, a true measure of the economic value of gambling (AGA, 2007).

Class I: Consists of social games for minimal value prizes associated with traditional tribal ceremonies or celebrations. This class is within the exclusive jurisdiction of the Indian tribe (AGA, 2007).

Class II: Includes limited card games, lotto, and bingo, but not the electronic form of the games. Class II games are within the jurisdiction of the tribes primarily, but is subject to oversight by the National Indian Gaming Commission. These games are only permitted in states that permit such gaming for any purpose and/or any condition. Although states almost always heavily regulate and restrict such games, many of those state restrictions do not always apply to the tribe. For example, although Class II card games must be played in conformity with state laws and regulations on hours of operation and limitations on wager or pot sizes, state limits do not apply to bingo at a tribal reservation facility (AGA, 2007).

Class III: Encompasses those gaming activities such as slot machines and other games that are commonly operated by Nevada or Atlantic City casinos, lotteries, or pari-mutuel facilities. Class III gaming is subject to negotiations between the state and the tribe. The

exceptions are those cases where the tribe already offered Class III prior to the passage of the IGRA and these were grandfathered (AGA, 2007).

Theoretical Average: Theoretical average is defined as the [amount wagered]*[floor hold average (theoretical average for the game)] during a specific period of time. This is a measure of the value of a customer on a per visit/trip basis.

Theoretical Sum: Theoretical sum is the [theoretical average per visit] * [the number of trips to the casino]. The theoretical sum is used as an estimate of the value of customers during a specified period of time (e.g., year).

CHAPTER 2

LITERATURE REVIEW AND MODEL DEVELOPMENT

A review of literature was conducted as a prelude to developing an integrated structural model of casino loyalty. This chapter is divided into two sections, and provides the theoretical foundation for this study. The first section reviews past studies of customer loyalty, satisfaction, the perceived value of loyalty programs, and switching cost. The second section provides details of constructs for the proposed model including perceived value of loyalty programs, satisfaction, switching cost, and attitudinal and behavioral loyalty.

Literature Review

Customer Loyalty: Behavioral, Attitudinal, and Both Perspectives

Loyalty is an essential concept in strategic marketing, and it has been broadly studied in consumer marketing literature. Many researchers suggest that loyalty is desirable since it is much less expensive to retain current customers than to find and develop new ones (Reichheld & Sasser, 1990; Thomas, 2001). Although the concept of loyalty has existed for decades, there is no consensus over what loyalty is or how it should be measured (Rundle-Thiele & Mackay, 2001). In fact, Jacoby and Kyner (1973, p.1) assert that, "there are at least eight major approaches to operationally defining loyalty." This lack of a comprehensive definition explains, in part, why research on loyalty has been so fragmented.

Behavioral Loyalty

Initial definitions of customer loyalty took a more behavioral perspective such as a form of repeat purchasing of a particular product or service over time. Jacoby and

Chestnut (1978) defined four kinds of loyalty based on the sequence of purchasing a particular brand, how much of that brand is purchased, the probability of purchasing that brand, and a synthesis of variables by combining several behavioral criteria such as the number of switches for the loyalty object and the number of brands available. Building on Jacoby and Chestnut's classification, Iwasaki and Havitz (1998) suggested three additional components of behavioral loyalty: duration, frequency of purchases, and intensity. Duration is the amount of time spent as a participant, patron, or user. Frequency is the number of purchases, uses, or participation over a certain period of time (e.g., week, day, month, or year, etc.). Intensity is the number of the hours one devotes to using, participating in, or purchasing a product or service within a certain time frame.

According to Prichard, Howard, and Havitz (1992), measuring customer loyalty based only on purchase behaviors limits the ability to distinguish between "intentionally" loyal and "spuriously" loyal customers who are deal-oriented and lack any psychological attachment to brand attributes. Day (1969) claimed that considering only the behavioral aspects of loyalty can result in overestimating true loyalty, the commitment to a product or service in the form of repurchase behavior. Olsen and Jacoby (1971) provided empirical support for the theory that cognitive and behavioral loyalty are identifiable components that could be separately measured. They defined loyalty as "a process in which various alternative brands are psychologically compared and evaluated on certain criteria and the selected brand or brands are selected" (p. 49).

Attitudinal Loyalty

Attitudinal definitions of consumer loyalty base loyalty on consumers' preferences, intentions, or strength of affection for a brand (Iwasaki & Havitz, 1998).

Thus, having attitudinally loyal customers can contribute to higher profits because the firm will not need to keep using promotions and price discounts to generate repurchase. Instead, a firm can generate regular and loyal purchasing behavior, even at a premium, without having to offer any additional incentive because of the positive brand attitude that has already been created over time (Schiffman & Kanuk, 2004). According to Olson and Jacoby (1971), attitudinal measures explain an additional proportion of the variance that behavioral measure does not.

Dick and Basu (1994) defined loyalty as the relationship between the relative attitude toward an entity (e.g., brand, service, store, or vendor) and patronage behaviors such as repeat purchase. They insist that the nature of relative attitude is likely to provide a stronger indication of repeat patronage than is the attitude toward a brand determined in isolation. Relative attitude is the strength of a participant's attitude or commitment to the activity (Backman & Crompton, 1991). Dick and Basu (1994) identified the degree of attitudinal strength and the degree of attitudinal differentiation as dimensions that underlie a person's relative attitude toward a product, service, or business (Figure2).

		Attitudinal Differentiation	
		No	***Yes***
Attitude Strength	***Strong***	Low Relative Attitude	Highest Relative Attitude
	Weak	Lowest Relative Attitude	High Relative Attitude

Figure 2. Dimensions of Relative Attitude (Adapted from Dick and Basu, 1994)

Attitude may fall along a continuum from weak to strong depending on an individual's assessment of a product or service loyalty (Dick & Basu, 1994). If a potential buyer perceives differences among the products or services available, he or she will have a high relative attitude. The highest relative attitude appears when the product or service is associated with a strong attitude and is clearly differentiated in the consumer's mind from others associated with weak attitude loyalty (Dick & Basu, 1994). The high relative attitude appears when a customer has a weak attitude toward the product or service, but differentiates it from other products or services. This may similarly contribute to loyalty. In contrast, low relative attitude is characterized by a strong attitude toward a given product or service with a weak perceived differentiation. Since other alternatives are viewed as equally satisfying, customers with low relative attitude demonstrate multi-brand loyalty (Dick & Basu, 1994). Customers with a low attitude and weak differentiation are classified as having the lowest relative attitude. In this case, customers purchase the product or service less frequently, and their purchase pattern varies often due to non-attitudinal influences. Olson and Jacoby (1971) contended that attitudinal measures explain an additional proportion of the variance that behavioral measures do not.

Hallberg (2004) classified the level of attitudinal loyalty into five stages based on the analysis of more than 600,000 consumers' emotional loyalty to a particular brand (Figure 3). As expected, the findings confirm that the greater the emotional loyalty to a brand, the more a consumer buys products from that firm. The consumer has no awareness or understanding of the products or services at the 'No Presence' level; there can be no attitudinal loyalty present among people in this segment. At the 'Presence'

level, a consumer is aware and has some understanding, but attitudinal loyalty is minimal. Attitudinal loyalty begins to build at the 'Relevance and performance' level. The customers believe that the brand is suitable for their needs and budgets, and that it performs acceptably. At the 'Advantage' level, customers must believe that a brand has some quality or attribute that gives them a reason to buy it over others. Thus, a reasonable level of attitudinal loyalty exists. Finally, there is the 'Bonding' level; this is where attitudinal loyalty peaks. Customers believe that the brand's benefits and properties are unique or shared by few other brands. At this stage, they do not just like the brand, they love it.

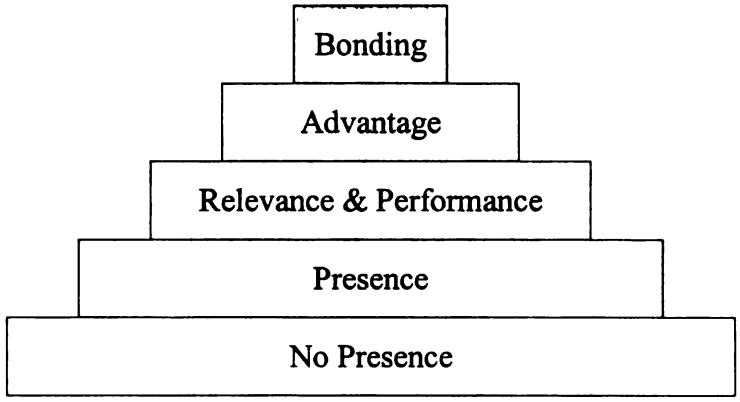


Figure 3. The Attitudinal Loyalty Pyramid

Jacoby and Chestnut (1978) explored the psychological meaning of loyalty and distinguished it from behavioral (e.g., repeat purchase) aspects of loyalty. Their analysis concluded that purchasing consistency can be an invalid indicator of product or service loyalty due to a combination of impulse purchases and a preference for convenience (e.g., convenience loyalty). Furthermore, inconsistent purchasing could be made by multi-brand "loyal customers." Based on the mitigating factors, they conclude that it is naive to

infer loyalty or disloyalty based only on repetitive purchase patterns. Jacoby and Chestnut raised concerns about the conceptualizing of loyalty strictly from an attitudinal perspective, because this ignores other variables that are related to loyalty. The conclusion they reached is that "real" loyalty should be measured from both the attitudinal and the behavioral perspectives. Iwasaki and Havitz (1998) also argued that attitudinal loyalty must be combined with behavioral loyalty to clarify customers' true loyalty. In addition, Assael (1998) contended that utilizing both attitudinal and behavioral components provides a more powerful definition of brand loyalty.

Both Perspectives

Oliver (1999, p.34) emphasized the two different aspects of loyalty that have been described in previous works and the subsequent integration of both behavioral and attitudinal components of loyalty (Aaker, 1991; Assael, 1998; Day, 1969; Oliver, 1999). Oliver defined loyalty as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior "(p. 34). In other words, the behavioral component focused on purchase loyalty, whereas attitudinal loyalty includes a dispositional commitment in terms of some unique value associated with the product or service.

Oliver's (1997) framework follows a cognition-affect-conation pattern, but differs in that he argues that consumers can become "loyal" at each attitudinal phase relating to different elements of the attitude development structure. Specifically, consumers are theorized to become loyal first in a cognitive sense, then in an affective sense, still later in a conative manner, and finally in a behavioral manner, which is described as "action

inertia." This same theory also supports the idea of loyalty switching (loyal to disloyal and vice versa).

Table 3 presents the four phases of loyalty and their corresponding vulnerabilities as proposed by Oliver. The first phase is the cognitive loyalty, which occurs if one product or service is preferable to its alternatives. It is based only on product or service beliefs, not on actual attitudes to a product or service. If some type of belief is formed, it becomes part of the consumer's experience and begins to take on affective overtones and will lead to attitudes about the product.

The second phase of loyalty development is affective loyalty. In this stage, a liking for or attitude toward the product or service has developed on the basis of cumulatively satisfying usage occasions. This reflects the pleasure dimension of the satisfaction definition--pleasurable fulfillment. The loyalty that is exhibited is directed at the degree of affect (liking) for the product or service.

The conative (behavioral intention) stage is the third phase of loyalty development and is influenced by repeated episodes of positive affect toward the product or service. Conative loyalty contains what appears to be the deeply held commitment to buy. In effect, the consumer desires to repurchase, but similar to any "good intention," this desire may be an anticipated but unrealized action.

The last phase of loyalty is action loyalty. At this point, intentions are converted into actions and this process has been described in the literature as "action control" (Kuhl & Beckmann, 1985). In the action control sequence, the intention in the previous loyalty state is transformed into readiness to act. Action loyalty is accompanied by a desire to overcome obstacles that might prevent the consumer from completing a purchase. Action

is a necessary result of engaging both of these states. If this process of engagement is repeated, action inertia develops; thereby facilitating repurchase and leading to higher levels of loyalty.

In summary, cognitive loyalty focuses on the product or service's performance aspect, affective loyalty is directed toward the product or service's likeableness, conative loyalty is experienced when the consumer focuses on wanting to rebuy the product or service, and action loyalty is commitment to the action of rebuying.

Table 3. Loyalty Phases with Corresponding Vulnerabilities (Adapted from Oliver, 1999)

Stage	Identifying Maker	Vulnerabilities
Cognitive	Loyalty to information such as price, features, and so forth	Actual or imagined better competitive features or price through communication (e.g., advertising) and vicarious or personal experience. Deterioration in product /service features or price. Variety-seeking and voluntary trial.
Affective	Loyalty to liking: "I buy it because I like it."	Cognitively induced dissatisfaction. Enhanced liking for competitive products/services, perhaps conveyed through imagery and association. Variety-seeking and voluntary trial. Deteriorating performance.
Conative	Loyalty to an intention: "I'm committed to buying it."	Persuasive counter argumentative competitive messages. Induced trial (e.g., coupons, sampling, point-of-purchase promotions). Deteriorating performance.
Action	Loyalty to action inertia, coupled with the overcoming of obstacles.	Induced unavailability (e.g., stocklifts-purchasing the entire inventory of competitor's product from a merchant). Increased obstacles generally. Deteriorating performance.

Jacoby and Kyner (1973) defined loyalty as a biased behavior expressed over time by an individual with respect to one or more alternatives, and their definition of loyalty is often used by researchers. According to these authors, loyalty is a function of

psychological processes. Based on Jacob and Kyner's definition, Backman (1988) integrated behavioral and attitudinal measures of loyalty to compute an index to measure participants' loyalty. Based on customers' scores on behavioral consistency and psychological attachment, they were assigned to one of four categories which constitute the loyalty paradigm (Figure 4): Reliable Loyalty, Latent Loyalty, Spurious Loyalty, and Disloyalty.

		Psychological Attachment (Attitude)	
		Low	***High***
Behavioral Consistency	***Low***	Low Loyalty (Disloyalty)	Latent Loyalty
	High	Spurious Loyalty	High Loyalty (Reliable Loyalty)

Figure 4. Consumer Loyalty Matrix. (Adapted from Backman, 1988)

Customers with *Reliable Loyalty* are characterized by both strong attitudinal attachment and high repeat patronage. They almost always patronize the same product or service and are least susceptible to competitive offers. Members of the *Latent Loyalty Segment* have high psychological attachment, but low behavioral consistency with respect to a particular product or service. They may not allocate a high proportion of their purchases to a particular product or service for various reasons, including that they do not have adequate resources to buy more, or because the price of product or service, accessibility, or distribution strategy may not be sufficiently encouraging. The *Latent Loyalty Segment* may become highly loyal if coaxed into more frequent patronage. Strategies that add the "right" value(s) to gaming experiences, such as free shuttles to the

casino, special promotions and events, and personalized service can potentially convert them into highly loyal customers.

Spuriously Loyal customers have high behavioral consistency even though they are not emotionally attached to a product or service. Ironically, they may even dislike a product or service, but continue to purchase it due in part to habitual buying, financial incentives, convenience, lack of alternatives, or psychological costs of discontinuation. Since *Spuriously Loyal* consumers lack a true attachment to a product or service, they can quickly switch their patronage to another brand that is less costly or one that is offering special promotions (Selin, Howard, Udd & Cable, 1988). Finally, the *Disloyal Segment* exhibits weak levels of both attitudinal attachment and repeat patronage. *Spuriously Loyal* and *Disloyal Segments* are highly volatile and susceptible to appeals from competitors.

According to Heiens and Pleshko (1996), identifying both a behavioral and attitudinal commitment has been shown to be an effective way to operationalize loyalty. Baloglu (2001), Pritchard and Howard (1997), and Rowley and Dawes (2000) have utilized cluster analysis of behavioral consistency and psychological attachment items to confirm the four quadrant structures proposed by Selin et al. (1988) and Backman (1988). These studies have confirmed that the four distinct types of loyalty exist in a multitude of settings.

Satisfaction

Customer satisfaction has been a dominant concern among marketers in measuring their success. The literature supports the view that satisfied customers are willing to buy more products or services, recommend them to others, and are less price-

sensitive (Anderson, Fornell, & Mazvancheryl, 2004; Homburg, Koschate, & Hoyer, 2005; Kim et al. 2004). By increasing the customer retention rate, satisfaction is likely to secure a firm's future revenue in the long run (Anderson et al., 2004).

A classic model of consumer satisfaction posits that satisfaction is a function of customers' expectation of a product or service, and disconfirmation (e.g., Cardozo, 1965; Oliver, 1980). According to this approach, a customer's expectation about product performance constitutes a frame of reference in evaluations, and then expectancy disconfirmation is caused by discrepancies between the expectation and post-usage experience. The expectation-disconfirmation approach adequately depicts the process of satisfaction, according to Rust and Oliver (1994).

While earlier studies focused on repurchase expectations as antecedents of satisfaction, Anderson and Sullivan's utility-oriented framework put an emphasis on perceived quality at the post-consumption stage (Anderson & Sullivan, 1993). This approach considers perceived quality as the utility derived from consumption. Contrary to previous studies, Anderson and Sullivan denied a direct effect of expectations on satisfaction. Instead, they argue that expectations influence satisfaction through perceived quality and disconfirmation. Overall, their model highlights the role of perceived quality in customer satisfaction.

Since then, perceived quality and/or value have been proposed as predictors of satisfaction. Satisfaction, then, mediates between quality and/or value and behavioral intention (e.g., Bolton & Drew, 1994; Cronin et al., 2000; Fornell et al., 1996; Lam et al., 2004; Lee et al., 2001; Patterson, 2004; Wangenheim, 2003; Yang & Peterson, 2004). A high level of customer satisfaction has conventionally been expected to enhance

consumers' behavioral intention (e.g., Anderassen & Lindestad, 1998; Cardozo, 1965; Chenet, Tany, & Money, 2999; Fornell et al. 1996; Oliver, 1980; Olsen, 2002).

Loyalty Program

Loyalty programs are a formal relationship marketing strategy designed to reward customers based on the amount and frequency of their purchases (Kivetz & Simonson, 2002; Sharp & Sharp, 1997). Loyalty programs can be distinguished from other marketing offers, such as sales promotions and advertising campaigns, since loyalty programs tend to have a longer-term orientation and are thought to be the only marketing initiative which explicitly focuses on changing the repeat purchase patterns of buyers (Sharp & Sharp, 1997). As customers accumulate equity in the sponsoring brand or firm, switching costs are formed as customers become more immune to competitor offerings. Conversely, when a sales promotion ends, customers are again more likely to revert back to previous behaviors (Ehrengerg, Hammond, & Goodhart, 1994).

Some researchers contend that loyalty programs are often considered value-sharing instruments and can enhance consumers' perceptions of what a firm has to offer (Bolton, Kannan, & Bramlett, 2000; Yi & Jeon, 2003). Thus, the value enhancement function is vital since the ability to provide superior value is instrumental to initiating and keeping a customer relationship (Sirdeshmukh, Singh, & Sabol, 2002; Woodruff, 1997). In fact, O'Brien and Jones (1995) note that improved value perception is an essential condition of a loyalty program's success.

Liu (2007) found that loyalty programs provide value to consumers in two stages. In the first stage, program points are issued to customers at the time of purchase. Although these points have no practical value until they are redeemed, recent studies

demonstrate their significant psychological meaning to consumers (Hsee et al., 2003; Van Osselaer, Alba, and Manchanda, 2004). In addition, the psychological benefit increases the transaction utility of a purchase (Thaler, 1985) and, subsequently, the overall value perception of doing business with the firm. Since consumers can later redeem points for rewards, point accumulation creates an anticipation of positive future events, which increases consumers' likelihood of staying in the relationship (Lemon, White, & Winer, 2002).

Consumers derive both psychological and economic benefits from a loyalty program in the redemption stage (Liu, 2007). The reward is a positive reinforcement of consumers' purchase behavior and conditions them to continue doing business with the firm (Sheth & Parvatiyar, 1995). Giving free rewards to customers is an expression of the firm's appreciation and recognition of its customers. This sense of being important can enhance customers' sense of well-being and deepen their relationship with the firm (Bitner, 1995; Gwinner, Gremler, & Bitner, 1998). Some researchers suggest that there are other psychological benefits, such as the opportunity to indulge in luxuries (Kivetz & Simonson, 2002) and a sense of participation (Dowling & Uncles, 1997), which may be especially appropriate for brands that do not have these associations (Oliver, 1999). All these psychological and economic benefits translate into an attractive value proposition from the firm.

According to Berry (1995), there are three different bonds: financial, social, and structural bonds. While financial and social benefits are regularly utilized in consumer markets, structural bonds are much more difficult to establish. Instead, some companies use legal bonds to prevent customers from switching. These three approaches can also be

incorporated in loyalty programs (Wendlantdt & Schrader, 2007). Economic bonding potentials refer to the core benefit and the related exchange processes. The economic bond can result from a higher net benefit, lower costs, or higher switching barriers. In the context of loyalty programs, financial rewards (e.g., bonus points) play an important role, while a higher quality of the core product or service is usually not relevant. Socio-psychological bonding potentials are especially distinctive for services where good personal relationships between employees and customers hinder the latter from switching. Additionally, special events and individualized treatment of "good" customers can be summarized under this point. Lastly, contractual bonding potentials apply to consumers' liabilities, such as fixed subscription periods or minimum purchases. From this perspective, Wendlantdt & Schrader (2007) see loyalty programs as a combination of bonding potentials.

Components of Loyalty Program

The review of casino loyalty programs and the literature identified the major components of these programs: economic value (e.g., rewards), special treatment/services, and communications. Palmer (2003) has categorized five types of loyalty program: direct mail, preferential treatment, interpersonal communications, rewards, and promotions. Thus, components were not supported by the previous literature. In addition, some of them (i.e., rewards & promotions) seem to be redundant.

O'Brien and Jones (1995) proposed that customers' value perception is a necessary condition for developing brand loyalty through the loyalty program. In other words, the customers need to see the loyalty program as valuable. They suggested five elements of the loyalty program to determine its value: (1) cash value of redemption

rewards (cash value), (2) the range of choice of these rewards (redemption choice), (3) the aspirational value of rewards (aspirational value), (4) the perceived likelihood of achieving rewards (relevance), and (5) the scheme's ease of use (convenience).

Special treatment/services is a critically important aspect of creating, developing, and maintaining successful marketing relationships. Czepiel (1990) describes a marketing relationship as one that creates a special status for customers. The customer is made to feel special relative to other customers as firms customize their offerings to meet particular customers' specifications and requirements (Barnes, 1997; Beatty et al., 1996). As an added source of customer value, loyalty programs can be designed to accommodate individual customers in the form of non-monetary product incentives and enhanced customer service options above and beyond core casino offerings. Loyalty programs sustain customers' interest, lend depth and uniqueness to a group, and make customers believe that they belong to a special group. In addition to their functional value, special treatment of customers creates an emotional attachment to the casino (Rust, Zeithaml, & Lemon, 2000). In the hotel industry, examples of special treatment include priority for room selection, early check-in and late check-out privileges, elite reservations line, check-cashing privileges, room upgrades, and free access to hotel amenities (e.g., use of business equipment and private lounges). More specific to the casino industry, casinos may provide special treatment to their members through a variety of benefits, such as access to VIP rooms, exclusive access to faster service, priority seating at restaurants, and special members-only events.

Communication is "the formal as well as informal sharing of meaningful and timely information" (Anderson & Narus, 1990, p.44). Communication that is frequent,

timely, and relevant fosters customer loyalty and satisfaction by aligning brand/firm perceptions with customer expectations (Anderson & Weitz, 1989). For some firms, loyalty program communications are one component of a much more extensive communications effort (Roeham, Pullins, & Roehm, 2002); for other firms, loyalty programs are the primary vehicles of communication with customers. Many casino loyalty programs regularly send their members mail offers, newsletters, and personalized communications. It is often through loyalty program-sponsored customer recognition and regular program notifications that a firm has its best opportunity to communicate with its customers, and thus to build higher levels of loyalty and satisfaction with its best customers.

Switching Cost

Switching costs are the perceived economic and psychological expenses associated with switching from one casino to another (Burnham et al. 2003; Jones et al., 2002). From a theoretical standpoint, switching costs are an important avenue for better understanding and predicting customer retention (Jones et al., 2002). From a practical standpoint, managing customers' perceptions of switching costs to foster retention constitutes a powerful tactical element in customer loyalty programs (Burnham et al. 2003).

Burnham et al. (2003) suggest three classifications of switching costs—procedural (e.g., economic risk, evaluation, learning, and setup costs), financial (e.g., benefit loss and monetary loss costs), and relational (e.g., personal relationships loss and brand relationship loss costs). Such multidimensional typologies provide marketers with strategic implications for a firm's retention program. For instance, Jones et al. (2002)

suggest that the provision of tangible quality cues and service guarantees can augment consumers' perceived uncertainty costs that are related to the likelihood of lower performance when switching, and encourage consumers to stay with the current service provider. Moreover, customers are unlikely to change a service provider when they perceive their current service as efficient and logical. In this case, they may perceive high procedural costs when switching to another service provider (Jones et al., 2002).

Table 4. Empirical Studies of Switching Costs in Consumer Loyalty Intention

Authors	Contexts	Hypothesized Effects	Results
Bansal et al. (2004)	Auto repair service	Direct effect on continuance commitment	Supported
		Direct effect on switching intent	Not supported
Bell et al. (2005)	Retail financial services	Direct effect on customer loyalty	Supported
		Interaction effect with service quality	Not supported
		Interaction effect with service quality and a level of customer expertise	Supported
Burnham et al. (2003)	Credit card Long distance	Direct effect of each SC dimensions to loyalty intention (behavioral)	Supported
		Interaction effect with satisfaction	Not supported
Jones et al. (2000)	Banking Hairstyling/ barber	Direct effect on repurchase intention	Not supported
		Interaction effect with satisfaction on repurchase intention	Supported
Kim et al. (2004)	Mobile Services	Direct effect on loyalty intention	Supported
		Interaction effects with satisfaction	Supported
Lam et al. (2004)	B2B courier service	Direct effect to loyalty intention (attitudinal/behavioral)	Supported
Patterson (2004)	Dry cleaning Automotive services	Interaction effect with satisfaction on repurchase intention	Supported
De Ruyter et al. (1998)	Health center City theaters Fast food Supermarkets Amusement parks	Direct effects on preference, price indifference, dissatisfaction response loyalty	Supported
		Interaction effects with service quality on preference and dissatisfaction response loyalty	Supported
		Interaction effect with service quality on price indifference loyalty	Not supported
Yang & Peterson (2004)	Banking	Interaction effect with satisfaction on passive loyalty (price indifference loyalty)	Not supported
		Interaction effects with satisfaction on loyalty intention (recommendation/behavioral)	Partially supported

Proposed Research Model

A hypothesized research model is developed to further the objectives of this study. The hypothesized research model showing the effects of perceived loyalty program value in terms of perceived economic value, special treatment/services, and communication on satisfaction, switching costs and attitudinal and behavioral loyalty is demonstrated in Figure 5.

Perceived Value of Loyalty Program

Satisfaction is "the consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant" (Oliver, 1997, p.28). According to this definition, satisfaction comprises consumers' global affective responses to marketing stimuli (Olsen, 2002). However, this definition may confuse satisfaction with emotional value; researchers argue that the two are separate. While perceived value can be generated in any stage of consumption experience without actual experience of a product or service, satisfaction is aroused in a post-consumption stage after an actual experience of a product or service (Sweeney & Soutar, 2001). Oliver (1999) argued that satisfaction must be frequent and cumulative in nature. In this regard, consumers' perceived value that is generated in each stage of service experience must be a predictor of satisfaction in the post-consumption phase.

Previous studies found that perceived value has an influence on satisfaction (e.g., Chenet et al. 1999; Fornell et al., 1996; Lam et al., 2004; Yang & Peterson, 2004). The marketing literature supports a positive relationship between perceived economic value and satisfaction (McDougall & Levesque, 2000) and between perceived emotional value

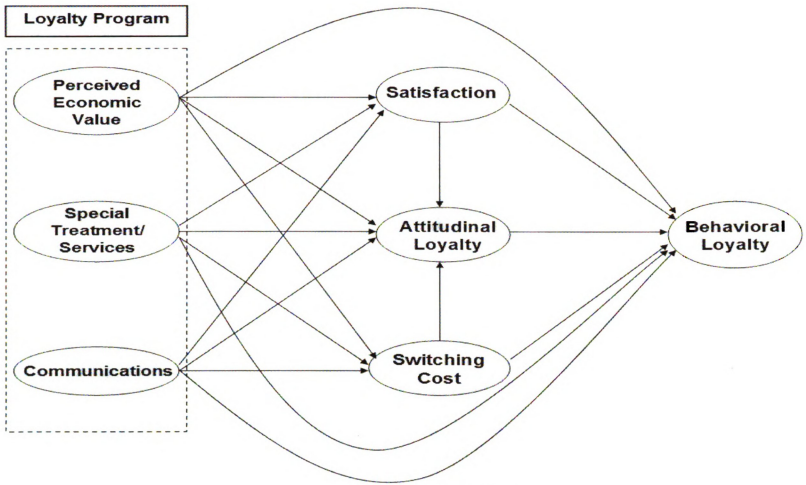


Figure 5. Proposed Research Model

and satisfaction (Eroglu, Machleit, & Barr). Thus, the following hypotheses are proposed:

H1. Perceived value of the loyalty program is positively associated with member satisfaction.

H1a. Perceived economic value of the loyalty program is positively associated with satisfaction.

H1b. Perceived special treatment/services value is positively associated with satisfaction.

H1c. Perceived communication value is positively associated with satisfaction.

Customer value is "the fundamental basis for all marketing activity" (Halbrook, 1994, p.22), and high value is the primary motivation for customer patronage. In this regard, Sirdeshmukh, Singh, and Sabol (2002) argue that customer value is a superordinate goal and customer loyalty is a subordinate goal, as is behavioral intention. According to goal and action identity theories, a superordinate goal is likely to regulate subordinate goals (Sirdeshmukh et al., 2002). Thus, customer value regulates "behavioral intentions of loyalty toward the service provider as long as such relational exchanges provide superior value" (Sirdeshmukh et al., 2002, p.21). Prior empirical research has identified perceived value as a major determinant of customer loyalty in such settings as telephone services (Bolton & Drew, 1991), airline travel, and retailing services (Sirdeshmukh et al., 2002). Chang and Wildt (1994) report that customer-perceived value has been found to be a major contributor to purchase intention. In addition, loyalty programs are meant to add customer value(s) through recognition,

preferred treatment, access to special products and services (Rust, Zeithaml, & Lemon, 2000); thus, it is expected to foster good feelings towards the product or service, and affect attitude. However, no empirical research discusses this relationship between perceived loyalty program value and attitudinal loyalty. In light of the preceding discussion and findings, it is proposed that:

H2. Perceived value of the loyalty program is positively associated with behavioral loyalty.

H2a. Perceived economic value of the loyalty program is positively associated with behavioral loyalty.

H2b. Perceived special treatment/services value is positively associated with behavioral loyalty.

H2c. Perceived communication value is positively associated with behavioral loyalty.

H3. Perceived value of the loyalty program is positively associated with attitudinal loyalty.

H3a. Perceived economic value of the loyalty program is positively associated with behavioral loyalty.

H3b. Perceived special treatment/services value is positively associated with behavioral loyalty.

H3c. Perceived communication value is positively associated with behavioral loyalty.

A key purpose of offering loyalty programs may be to create switching costs for customers (Klemperer, 1987; Reinartz & Kumar, 2000). Casinos use loyalty programs in an effort to lock customers in by building switching costs through an individual value proposition that make it more costly or difficult for customers to substitute casino offerings with a competitor's offerings. A customer who has made a significant investment in a particular loyalty program may feel locked in; he or she perceives his or her switching costs to be prohibitively high (Lee, Lee, & Feick, 2001; Reinartz & Kumar, 2000). However, no empirical research exists to demonstrate whether the perceived value of loyalty programs really builds switching cost.

H4. Perceived value of the loyalty program is positively associated with switching cost.

H4a. Perceived economic value of the loyalty program is positively associated with switching cost.

H4b. Perceived special treatment/services value is positively associated with switching cost.

H4c. Perceived communication value is positively associated with switching cost.

Customer Satisfaction

Satisfaction has been widely studied as a predictor of customer loyalty (e.g., Andreassen & Lindestad, 1998; Chenet et al., 1999; Cronin et al. 2000; Fornell et al., 1996; Kim et al. 2004; Oliver 1999; Olsen, 2002; Yang & Peterson, 2004). Customer satisfaction is an important factor for a long-term relationship between a firm and a

customer (Anderson & Srinivasan, 2003; Lam et al. 2004). Previous research suggests a strong linkage between customer satisfaction and customer loyalty. Fornell (1992) found a significant relationship between customer satisfaction and increased loyalty of customers. Hallowell (1996) documented that customer satisfaction is significantly related to customer loyalty in a bank setting and that loyalty is related to profitability.

H5. Customer satisfaction is positively associated with behavioral loyalty.

H6. Customer satisfaction is positively associated with attitudinal loyalty.

Switching Cost

Switching costs are often included in conceptual models of loyalty to refer to dependency of customers on providers or to barriers built to keep customers in the relationships (Bendapudi & Berry, 1997; Dick & Basu, 1994). Switching costs were defined as customers' perception of time and effort costs associated with changing from current company to competition (Bowen & Shoemaker, 1998; Porter, 1985). Convenience was also suggested as a component of switching costs (Dick & Basu, 1994; Lee & Cunningham, 2001). Previous research has shown that switching cost has a positive impact on commitment and behavioral loyalty (Bendaudi & Berry, 1997; Dick & Base, 1994). Bowen and Shoemaker (1998) found that switching costs positively influence commitment to luxury hotels. Geyskens et al. (1996) found that the perceived dependence has a positive impact on affective commitment.

H7. Switching cost is positively associated with attitudinal loyalty.

H8. Switching cost is positively associated with behavioral loyalty.

Attitudinal and Behavioral Loyalty

Although terms such as commitment, brand loyalty, and affective (emotional) attachment have often been used interchangeably in the loyalty and relationships literature (Pritchard, Howard, & Havitz, 1992), the emotional attachment or commitment to a product or brand has been cited as a key element to developing and maintaining customer loyalty (Bendapudi & Berry, 1997; Dick & Basu, 1994; Geyskens et al., 1996). The positive relationship between psychological commitment and behavioral outcomes of loyalty (repeat purchase, ancillary product use, word of mouth, cooperation) has been strongly supported in the literature (Bowen & Shoemaker, 1998; Dick & Basu, 1994). Thus, the following is hypothesized:

H9. Attitudinal loyalty is positively associated with behavioral loyalty.

CHAPTER 3

METHODS

This chapter describes the procedures and the analytical tools that comprised this study. The first section describes the study population and sample. The second section describes measurement for the model. The third and fourth sections of this chapter describe the questionnaire and data collection procedures. Finally, methods of data analysis are discussed.

Population and Sample

The population for this study consists of loyalty program members of casino gaming companies. To sample the population, loyalty program members of a casino gaming company located in the southeastern United States were invited. At the time of data collection, this casino had over 233,000 loyalty program members. This casino is more than 1 million square feet, and has 64,048 square feet of gaming area. In addition, this company boasts over 530 hotel rooms, 7 restaurants, over 2,100 slot machines in all denominations, gaming tables, golf course, meeting facilities, RV Park, Spa, and a theater. This casino offers rewards to loyalty program members including cash perks, point redemption (e.g., cash, meals, hotel stays, and entertainment tickets) and access to entertainment and special events. The benefits are distributed using a point system based on the amount of tracked gaming activity, which is recorded through a card system. A total of 29,114 loyalty program members with email addresses who had visited the casino during the 12 months preceding the survey (November 2006 through October 2007) were identified as a sample for this study.

Measurement

A listing of the items selected to test the model is detailed below (Table 5). In an effort to remain consistent with existing literature, most of the scale items for each construct were based on and/or adapted from previous research. A brief of the origin, measurement, and the measurement scales is included.

Perceived Value of Loyalty Program

As already mentioned, casino loyalty programs are designed to support the casino by rewarding highly valued customers through the enhancement of economic benefits and other considerations such as special treatment and communication. This study adapted four items from O'Brien and Jones' study (1995) to measure the value perception of loyalty programs including: cash value, redemption choice, aspirational value, and relevance. Convenience dimension was not included since it is considered irrelevant to the casino loyalty program.

This study adapted three items from De Wulf et al.'s (2001) and Palmer's (2003) study to measure special treatment/services of being a member of a loyalty program such as "I often receive rewards/comps gifts (e.g., meal comps, hotel comps, etc.) because I am a member of this casino's loyalty program, "I receive special treatment (e.g., discounts, invitation to special events, etc.) because I am a member of this casino's loyalty program," and "Members of this casinos' loyalty program receive better service than non-members." Two items measure monetary aspects (i.e., comps, better price, discount, invitation to special events) of special treatment, and one item measures non-monetary aspects (i.e., better treatment).

Three items were adapted from Anderson, Lodish, and Weitz (1987) to gauge the relevance and timeliness of the casino communication including: "This casino keeps me informed of promotions, special events, new services, etc.", "I receive mailings from this casino on a regular basis," and "The quality of communications from this casino is consistently high." Items were measured on 5-point Likert scales anchored from "strongly agree" (1) to "strongly disagree" (5).

Switching Cost

Switching costs consist of both monetary and non-monetary expenses that consumers perceive when switching from one casino to another. Four items were adapted from previous studies (Bansal et al. 2004; Palmer, 2003). These items ask respondents about time, effort, money, and a psychological state associated with decisions to distribute their visits and gaming across different casinos. Reliability in Bansal et al.'s study was 0.89. Items were measured on 5-point Likert scales anchored from "strongly agree" (1) to "strongly disagree" (5).

Satisfaction

Satisfaction is both an evaluative and an emotional response to a service encounter (Oliver, 1997). Some studies measure customer satisfaction in terms of consumers' perceived performance quality of a product or service (e.g., Lee et al. 2001; Yang & Peterson, 2004). However, other researchers argue that satisfaction represents more than mere perceived service quality, and should also incorporate overall affective components (Zins, 2001). In this study and on the survey, customer satisfaction is conceptualized as consumers' evaluation of service experience after the actual use of the service over time (Garbarino & Johnson, 1999). Three items were adapted from

Anderson and Srinivasan's study (2003) to measure satisfaction including: "I am satisfied with this casino," "Playing games at this casino is a great experience," and "Overall and over time, I am satisfied with this casino." Items ask respondents' evaluative and affective responses to their experience at a casino. Reliability in the original work was 0.89. Items were measured on 5-point Likert scales anchored from "strongly agree" (1) to "strongly disagree" (5).

Attitudinal and Behavioral Loyalty

In this study, loyalty is defined as customers' general attachment or commitment to a casino (Oliver, 1999). Previous studies tended to focus on behavioral attributes of consumer loyalty (e.g., Cronin et al., 2000; Jones et al., 2002). However, researchers argue that a true measure of loyalty can be obtained from a more comprehensive evaluation including both attitudinal and behavioral aspects (Harris & Goode, 2004).

Attitudinal loyalty is the set of consumers' preferences, intentions, or strength of affection for a brand (Iwasaki & Havitz, 1998). Three items were adapted from previous studies (Chaudhuri & Holbrook, 2001; Morgan & Hunt, 1994) to measure attitudinal loyalty. They are "I am committed to this casino," "I feel a sense of belonging to this casino," and "I will continue to visit this casino even if a new casino is opened nearer to my home."

Behavioral loyalty is the probability that the customer intends to maintain a relationship with the casino. Two items were adapted from previous research (Chaudhuri & Holbrook, 2001; Cunningham, 1957; Jacoby & Chestnut, 1978) including: "I will visit this casino on my next trip" and "I intend to continue to be a customer of this casino." Items were measured on 5-point Likert scales anchored from "strongly agree" (1) to "strongly disagree" (5).

Table 5. Loyalty Model Construct Items

Variables	Items
Perceived Economic Value of Loyalty Program – O'Brien & Jones (1995)	• The cash value of this casino's reward is high • This casino's loyalty program offers various redemption options (e.g., gifts, ticket, cash back, food, spa, etc.) • I do not have to wait long to receive rewards • This casino's loyalty program offers rewards that I have wanted
Special Treatment/ Services – De Wulf et al. (2001), Palmer (2003)	• I often receive rewards/comps gifts (e.g., meal comps, hotel comps, etc.) because I am a member of this casino's loyalty program • I receive special treatment (e.g., discounts, invitation to special events, etc.) because I am a member of this casino's loyalty program • Members of this casinos' loyalty program receive better service than non-members
Communications – Anderson, Lodish, & Weitz (1987)	• This casino keeps me informed of promotions, special events, new services, etc. • I receive mailings from this casino on a regular basis • The quality of communications from this casino is consistently high
Satisfaction – Anderson & Srinivasan (2003)	• I am satisfied with this casino • Playing games at this casino is a great experience • Overall and over time, I am satisfied with this casino
Perceived Switching Cost – Bansal et al. (2004), Palmer (2003)	• It would take a lot of time, effort, and money to switch from this casino to other casinos • I feel uncertain if I visit a new casino • In general, it would be a hassle visiting other casinos • It would be very inconvenient for me to switch to other casinos
Attitudinal Loyalty – Chaudhuri & Holbrook (2001), Morgan & Hunt (1994)	• I am committed to this casino • I feel a sense of belonging to this casino • I will continue to visit this casino even if a new casino is opened nearer to my home
Behavioral Loyalty – Chaudhuri & Holbrook (2001), Cunningham (1957), Jacoby & Chestnut (1978)	• I will visit this casino on my next trip • I intend to continue to be a customer of this casino

The Questionnaire

The survey questions were developed in consultation with faculty from two universities who provide on-going technical assistance to the casino's marketing department and based on previous literature. The questionnaire was composed of seven sections with a total of 94 questions. The first section of the survey was to obtain information to measure the casino's share of the respondent's gaming trips and spending. The second section of the survey was to compare this casino to other casinos in the same market on various characteristics, including gaming and non-gaming amenities and services for the purposes of positioning. The following section was to measure model constructs (i.e., loyalty program members' perceived value of the loyalty program, satisfaction, perceived switching costs, and loyalty). The fourth section was to assess satisfaction with various casino amenities, and the fifth section was to evaluate the effectiveness of casino advertisements and mail offers. The sixth section was to evaluate respondents' experience with their hotel stay. The last section of the survey was to get respondents' demographic information such as gender, age, income, and so on.

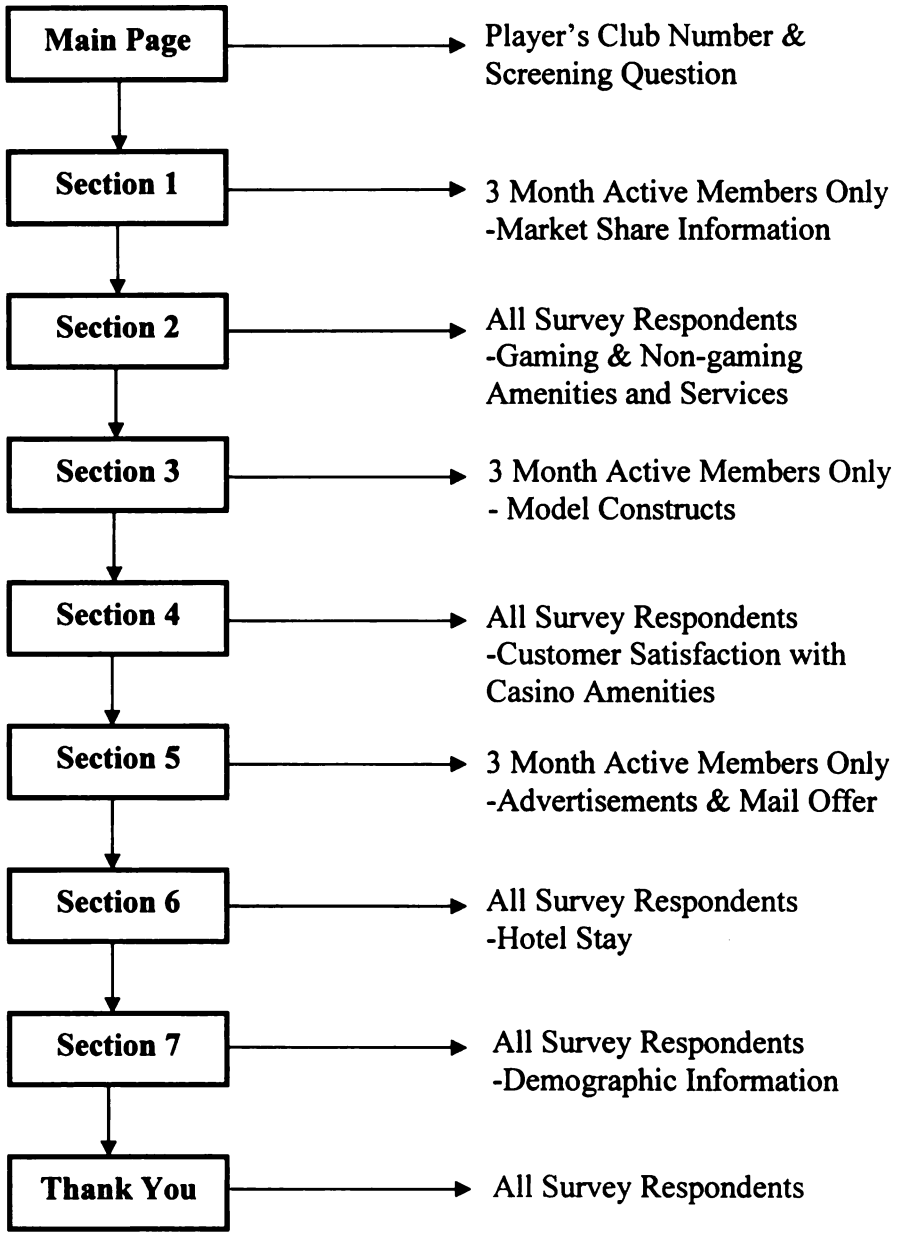


Figure 6. Survey Sections

Data Collection

A data driven web-based survey was utilized to collect data from members of the casino loyalty program. In the past, most casino research has been conducted through mail or by personal interviews. To date, not much casino research has been done online. Although online surveys have some recognized disadvantages (e.g., incompatibility, Internet accessibility, and security concerns), they have advantages over traditional methods in terms of lower costs, added convenience, and quicker execution and responses (Mills, Morrison, and Ismail, 2000).

Since this survey was data-driven, respondents did not need to answer all questions. Respondents were only asked to complete the questions based on their previous answers. In addition, respondents were reminded to complete required questions in an effort to reduce the amount of missing data. In order to avoid duplication of submissions, the Internet Protocol (IP) addresses of respondents were checked against a list of already submitted responses to ensure that respondents only submitted one response.

Before administering the web-based survey, the researcher pre-tested the survey instrument by having ten people who were similar to targeted respondents verify the suitability of the terminology used and the clarity of the instructions and scales. This pretest also verified the skip sequence and whether or not data was being captured.

On December 7th, 2007, an e-mail invitation to take the survey was sent to 29,114 members who had visited the casino during the 12 months preceding the survey (November 2006 through October 2007). Two reminders were sent to increase the response rate. Respondents who completed the survey were entered into a drawing for

one of three vacation packages from the client casino, consisting of two nights in an executive suite, a $100 food voucher, and $100 in cash perks.

About 39% (11,324) of the emails were deliverable. Of the 11,324 recipients of the delivered emails, 2,274 (20.1%) completed all or part of the survey. Of those, 2,222 completed the entire survey and were included in this study.

Data Analysis

Two different analytical packages were employed to analyze the data: SPSS 15.0 and EQS 6.1. SPSS 15.0 was utilized for descriptive statistics, chi-square analyses, and analysis of variance (ANOVA). Simple descriptive statistics such as frequencies, percentages, and mean scores were calculated to profile the demographic characteristics, gaming behavior (e.g., theoretical average and sum, and average number of trips to the client casino), and the usage of the loyalty card. In order to formulate and profile the loyalty segments better, chi-square analyses were performed to determine if there were significant differences among the segments in demographic characteristics (e.g., age, residence, and income) and gaming behavior. Also, analysis of variance (ANOVA) was used to determine if the segments were significantly different from each other in terms of gaming spending (e.g., theoretical sum, and theoretical average), number of trips to the client casino, and items for model construct (i.e., perceived economic value, special treatment/services, and communications of loyalty program, perceived switching costs, satisfaction, attitudinal and behavioral loyalty).

To test the proposed model, structural equation modeling (SEM) was used for model-generating purposes (Joreskog, 1993). SEM is a statistical technique that takes a confirmatory (i.e., hypothesis testing) approach to the analysis of a structural theory

bearing on some phenomena (Byrne, 2001). The purpose of the model is to explain why variables are correlated in a particular fashion. The general SEM model consists of two sub-models: a measurement model and structure model. The proportions composing both models are most frequently drawn from previous research or theory (Bollen & Long, 1993).

For this study, one of three most widely used programs, EQS 6.1, was utilized to complete the analysis. Before testing the proposed model, exploratory factor analysis (EFA) using Principal Component Analysis with Varimax rotation was conducted to test unidimensionality of scales of the perceived value of loyalty program. Results from principal component analysis and re-examination of the wording of items were used to select the items in each component's scale that were deemed to be the most reflective of their respective definitions and did not have large cross-loadings with non-intended factors.

The next step was to conduct confirmatory factor analysis (CFA) of the measurement model to further assess convergent and discriminant validity. CFA focuses on how and the extent to which the observed variables are linked to their underlying observed variables and how both are generated by the underlying latent variables, and thus the strengths of the regression paths from the factors to the observed variables are of primary interest (Joreskog & Sorbom, 1993; Tate, 1998). Once factors are identified, a measurement model was tested. The measurement model models the relationships between the latent variables and their respective indicators. After the fit of the measurement model had reached an appropriate level for the entire sample, the full structural model was tested. Modifications to the model were then made in order to

improve the model fit in relation to the data. In order to test multiple segments, the model was tested for each segment to determine if any differences exist among groups.

CHAPTER 4

RESULTS

This chapter is divided into four sections and follows the sequence of the study's major objectives. Before providing results relevant to each objective, the first section provides a general description of the survey respondents in terms of demographic characteristics and gaming behavior. The second section reports the results for the first three objectives dealing with the loyalty-related segmentation of the memberships. It includes a comparison of socio-demographic characteristics and gaming behavior of each of the segments. Section three identifies and analyzes the differences across the segments in terms of perceived value of the loyalty program, perceived switching costs, satisfaction, attitudinal and behavioral loyalty to the casino. The fourth section reports the results associate with testing integrated casino loyalty model and multi group analysis.

Profile of Survey Respondents

Socio-Demographic Characteristics of Survey Respondents

Table 6 presents the respondents' socio-demographic information. A majority (61%) were female and about 39% were male. This is reflective of the makeup of the casinos mailing list and the higher propensity of women to respond to web-based surveys. Their ages ranged from 21 to 85 years, with an average age of 54 years. Almost half of respondents were aged over 56 (49%). The majority of respondents (85.0%) were Caucasian or White, but about 10% of respondents were African American. Almost three-quarters of respondents had some college education, with about 16% holding Bachelor degrees and about 13% holding postgraduate degrees.

About 27% of respondents had household income between $50,000 and $74,999, followed by those with household income ranging between $25,000 and $49,999 (24.2%) and those with household income ranging between $75,000 and $99,999 (16.3%). Almost 26% of respondents had household income over $100,000.

The majority of respondents (81.9%) were married or partnered, and 15.4% of respondents were single. About 70% of respondents resided in Louisiana, followed by those living in Texas (20.3%), Mississippi (1.1%), and other states (9.2%).

Table 6. Socio-Demographic Characteristics of Survey Respondents

	Frequency	%
Gender		
Male	854	38.8%
Female	1,349	61.2%
Age		
Mean	***54.02***	
Less than 35	193	8.8%
36-45	319	14.5%
46-55	611	27.7%
56-65	662	30.1%
65 +	417	18.9%
Race		
African American	215	9.9%
Asian or Pacific Islander	11	0.5%
Caucasian or White	1,842	85.0%
Hispanic	49	2.3%
Mixed	24	1.1%
Native American or Aleutian Eskimo	27	1.2%
Education		
Less than high school	15	0.7%
High school	632	28.9%
Some college	692	31.7%
2-year college degree	226	10.3%
4-year college degree	342	15.7%
Master/doctoral degree	278	12.7%

Table 6. Socio-Demographic Characteristics of Survey Respondents (Cont'd)

	Frequency	%
Income		
Less than $25,000	127	6.5%
$25,000 - $49,999	473	24.2%
$50,000 - $74,999	530	27.2%
$75,000 - $99,999	318	16.3%
$100,000 - $124,999	238	12.2%
$125,000 - $149,999	98	5.0%
$150,000 or more	168	8.6%
Family Status		
Single w/o children	167	7.6%
Single w/ children living at home	79	3.6%
Single w/ children no longer living at home	93	4.2%
Married/Partnered w/o children	300	13.6%
Married/Partnered w/ children living at home	527	24.0%
Married/Partnered w/ children no longer living at home	973	44.3%
Other	59	2.7%
State of Residence		
Louisiana	1,541	69.4%
Mississippi	25	1.1%
Texas	450	20.3%
Other	206	9.2%

Gaming Behaviors of Survey Respondents

Not surprisingly, about three quarters of the respondents indicate that the primary reasons for visiting casinos is to win but also for the pleasure/entertainment, while only 6.6% of respondents indicated that their sole reason for going to casinos is to win (Table 7).

In terms of the average length of stay per casino visit, about 32% of respondents indicated that they stay two days, followed by 3 to 6 hours (22.0%), one day (15.6%), and 6 to 9 hours (12.7%). Approximately 37% indicated that their gaming budget per casino visit averaged $201 to $500, 23% allocated $101 to $200 for gaming, and about 17%

budgeted $501 to $1,000. Only 8.3% of respondents indicated that their average gaming budget was greater than $1,000.

As already discussed, many casinos have redesigned their loyalty programs in an effort to increase value/benefits to their members (Dowling & Uncles, 1997). For example, the client casino provides differential and increasing benefits to members based on the customer's level of play over the previous year. This tiered/segmented approach enables casinos to reward and retain their most loyal customers through targeted incentives aimed at increasing play and providing an incentive for members to achieve higher rewards.

Almost 89% of respondents were Ruby members (i.e., base tier), followed by those who were Sapphire (i.e., middle tier, 8.1%) and Diamond (i.e., highest tier in the loyalty program, 3.3%) members. Slightly less than half of respondents (48.3%) stated that the client casino is their favorite casino. Respondents (N=1,296, 58.3% of all respondents) who visited the client casino during the past 3 months visited an average of 3.74 casinos in Louisiana and Mississippi during those 3 months. Of those who visited the client casino during the past 3 months (N=1,296), almost 42% made less than 30% of their total visits to the client casino, while 25.6% made more than 80% of their casino visits to the client casino.

Player identification numbers were used to link casino's loyalty program database (e.g., theoretical average, the numbers of trips to the casino, and theoretical sum) to the survey responses to achieve all survey respondents' (N=2,222) trip and spending data. In terms of gaming trips, respondents visited the client casino 11.14 times

on average during the past 12 months. They spent $90.15 per trip for gaming and generated $1,409.87 for the client casino during the previous 12 months.

Table 7. Gaming Behaviors of Survey Respondents

	Frequency	%
Primary Reasons for Visiting Casinos		
To Win	147	6.6%
For pleasure/entertainment	397	17.9%
Both to win and for pleasure/entertainment	1,672	75.5%
Length of Casino Stay		
Less than 3 hours	64	2.9%
3- 6 hours	487	22.0%
6-9 hours	281	12.7%
9-12 hours	146	6.6%
One day	345	15.6%
Two days	703	31.8%
Three days	144	6.5%
More than three days	41	1.9%
Gaming Budget		
Less than $25	16	0.7%
$25 - $50	95	4.3%
$51 - $100	211	9.7%
$101 - $200	503	23.0%
$201 - $500	805	36.9%
$501 - $1000	373	17.1%
Over $1,000	181	8.3%
Loyalty Tier [a]		
Ruby	1,967	88.5%
Sapphire	181	8.1%
Diamond	74	3.3%
Favorite Casino		
Client Casino	1,002	48.3%
Number of Casino visited [b]		**3.74**
1	308	23.8%
2	254	19.6%
3	220	17.0%
4	124	9.6%
5+	390	30.1%

[a] The client casino utilize tiered/segmented loyalty program based on customer's level of play over the previous year, and call these tiers as Ruby, Sapphire, and Diamond. Ruby is the base tier and Diamond is the highest tier in the client casino's loyalty program.

[b] Responses based on members who visited the client casino during the previous 3 months (N=1,296)

Table 7. Gaming Behaviors of Survey Respondents (Cont'd)

	Frequency	%
Proportion of Visits to the Client Casino [b]		
>=80	332	25.6%
50-79.9	241	18.6%
30-49.9	180	13.9%
<30	543	41.9%
Gaming Spending & Trips [c]	**Mean**	
12 Months Average Trips [d]	11.14	
12 Month - Theoretical Average [e]	$90.15	
12 Month - Theoretical Sum [f]	$1,409.87	

[a] The client casino utilize tiered/segmented loyalty program based on customer's level of play over the previous year, and call these tiers as Ruby, Sapphire, and Diamond. Ruby is the base tier and Diamond is the highest tier in the client casino's loyalty program.
[b] Responses based on members who visited the client casino during the previous 3 months (N=1,296)
[c] Trip and spending data were achieved from the client casino's database.
[d] Average number of trips to the client casino during the previous 12 months
[e] Average spending per casino visit during the previous 12 months
[f] Total Spending during the past 12 months

Usage of Player's Club Card

With regard to the question "How often do you use your player's club card when gaming at this casino?", almost two-thirds of respondents (64.1%) use their card all the time (Table 8), and 26.4% use their card most of time. Only 2.5% of respondent use their card rarely or not at all.

Table 8. Usage of Player's Club Card When Gaming at the Casino

	Frequency	%
All the time	1,413	64.1%
Most of the time	581	26.4%
Sometimes	153	6.9%
Rarely	42	1.9%
Never	14	0.6%
Mean [a]	***3.51***	

[a] Items were measured on a scale ranging from 0 (Never) to 4 (All the time)

Segmentation Based on Respondents' Number of Casino Loyalty Program Memberships

Based on the number of casino loyalty programs they belonged to, respondents were assigned to one of four segments (Table 9). The vast majority (87.4%) of respondents belong to more than two casino loyalty programs. They average 5.33 casino loyalty program memberships. About 31% of respondents (i.e., Segment III) had 4 to 6 casino loyalty program memberships, followed by those with more than 7 casino loyalty program memberships (i.e., Segment IV, 30.2%) and those with 2 to 3 casino loyalty program memberships (i.e., Segment II, 26.4%). Only 12.6% of respondents (i.e., Segment I) were members of one loyalty club that is the client casino's loyalty program.

Table 9. The Results of Segmentation Based on Number of Casino Loyalty Program Membership to Which Respondents Belong

	Number of Casino Loyalty Program Membership	Frequency	Percentage
Segment I	1	279	12.6
Segment II	2-3	587	26.4
Segment III	4-6	685	30.8
Segment VI	7+	671	30.2
Mean	***5.33***		

Socio-Demographic Characteristics of Segments

To better understand the characteristics of segments, chi-square analyses were performed to determine if there were significant differences in socio-demographic characteristics. The results are shown in Table 10.

As previously reported most of the respondents were female (61.2%). There were slightly more female respondents (64.0%) in Segment II compared to other segments.

However, there was no significant difference across the four segments in terms of gender composition.

The majority of respondents were aged from 46 to over 65 (76.7%). Segment IV has the largest proportion of persons 65+ (23.8%), followed by Segment III (20.6%), Segment II (14.1%), and Segment I (13.4%). Interestingly, the proportion of Segment I aged less than 35 years old was the highest (17.7%) among the segments. A statistically significant difference at $p < 0.01$ was found in the age distributions across the four segments.

In terms of race, Segment IV had the highest proportion of Caucasian or White respondents (88.8%), followed by Segment III (87.2%) and Segment II (81.0%). Segment I had the highest proportion of African Americans (14.1%). A statistically significant difference ($p < 0.01$) exists in terms of the race distribution across the four segments.

As previously described, about three-quarters of all respondents had some college education. About 18% of those in Segment II had Bachelor degrees, while about 14% of respondents in Segment I had Bachelor degrees. Segment III had the highest proportion of respondents with a postgraduate degree (13.5%), followed by Segment II (12.8%) and Segment IV (12.3%). However, no statistically significant differences exist in terms of education levels across the four segments.

Almost 29% of those in Segment IV had the highest proportion of high household income ($100,000 plus), followed by Segment III with 28.2%. Almost 40% of Segment I (37.5%) and Segment II (39.4%) had household incomes of less than $50,000. There

was a statistically significant difference at $p < 0.01$ across the four segments in terms of household income.

With respect to family status, Segment IV (54.3%) had the highest proportion of married or partnered respondents with children no longer living at home, followed by Segment III (45.8%), Segment II (35.7%), and Segment I (34.5%). Segment I (32.7%) had the highest proportion of married or partnered with children living at home across the segments, followed by Segment II (28.9%). There was a significant difference across the four segments in family status at $p < 0.01$.

In terms of state of residence, about 73% of those in Segment II resided in Louisiana, and about 72% of those in Segment I resided in the Louisiana. Segment III (32.9%) and Segment IV (32.1%) had the highest proportion of non-Louisiana residents, including persons residing in Texas and Mississippi. There was a statistically significant difference at $p < 0.01$ across the four segments in terms of state of residence.

Table 10. Socio-Demographic Characteristics of Segments

	Seg I	Seg II	Seg III	Seg IV	X^2
Gender					**2.538**
Male	40.0%	36.0%	39.9%	39.5%	
Female	60.0%	64.0%	60.1%	60.5%	
Age					**161.489**
Less than 35	17.7%	12.7%	7.5%	2.9%	
36-45	21.3%	21.2%	12.1%	8.3%	
46-55	28.2%	25.3%	30.4%	27.0%	
56-65	19.5%	26.7%	29.4%	38.1%	
65 +	13.4%	14.1%	20.6%	23.8%	
Race					**44.360***
African American	14.1%	13.8%	8.0%	6.7%	
Asian or Pacific Islander	1.9%	0.5%	0.1%	0.3%	
Caucasian or White	78.5%	81.0%	87.2%	88.8%	
Hispanic	1.9%	2.1%	2.7%	2.1%	
Mixed	2.2%	1.2%	0.6%	1.1%	
Native American or Aleutian	1.5%	1.4%	1.3%	0.9%	
Education					**16.569**
Less than high school	0.4%	0.9%	1.0%	0.3%	
High school	29.6%	27.0%	28.5%	30.7%	
Some college	32.1%	29.5%	34.2%	30.9%	
2-year college degree	12.3%	12.1%	8.0%	10.3%	
4-year college degree	14.1%	17.7%	14.7%	15.5%	
Master/doctoral degree	11.6%	12.8%	13.5%	12.3%	
Income					**62.246***
Less than $25,000	8.8%	9.4%	5.4%	4.1%	
$25,000 - $49,999	28.7%	30.0%	23.1%	18.2%	
$50,000 - $74,999	30.3%	22.1%	26.5%	31.0%	
$75,000 - $99,999	12.0%	16.2%	16.8%	17.8%	
$100,000 - $124,999	6.8%	10.6%	14.7%	13.4%	
$125,000 - $149,999	4.0%	3.8%	5.0%	6.5%	
$150,000 or more	9.6%	7.9%	8.5%	9.0%	

** Significant at $p<.01$

Table 10. Socio-Demographic Characteristics of Segments (Cont'd)

	Seg I	Seg II	Seg III	Seg IV	X^2
Family Status					**94.386**
Single w/o children	7.6%	9.6%	7.3%	6.2%	
Single w/ children living at home	6.5%	5.5%	3.0%	1.4%	
Single w/ children no longer living at home	4.7%	4.1%	4.4%	3.9%	
Married/Partnered w/o children	10.4%	13.9%	13.5%	14.9%	
Married/Partnered w/ children living at home	32.7%	28.9%	23.7%	16.3%	
Married/Partnered w/ children no longer living at home	34.5%	35.7%	45.8%	54.3%	
Other	3.6%	2.2%	2.4%	3.0%	
State of Residence					**35.698**
Louisiana	71.7%	72.6%	67.2%	67.8%	
Mississippi	-	1.5%	0.7%	1.6%	
Texas	15.1%	15.3%	23.4%	23.5%	
Other	13.2%	10.6%	8.8%	7.0%	

** Significant at p<.01

Gaming Behaviors of Segments

In general, the majority of respondents visit casinos to win as well as for pleasure/entertainment (Table 11). However, about a quarter of Segment I and about 21% of Segment II visit casinos only for the purpose of pleasure/entertainment. Interestingly, 8.1% of Segment III and 7.8% of Segment II seem to be serious gamers who visit casinos solely to win and not for recreation. There was a statistically significant difference at $p< 0.01$ across the four segments in terms of primary reasons for visiting casinos.

Almost two-thirds of those in Segment IV stay at the casino more than one day, followed by Segment III (58.7%) and Segment II (51.0%). Segment I (39%) had the highest proportion of respondents staying at the casino for less than 6 hours. A

statistically significant difference ($p < 0.01$) was found in regards to length of stay at the casino per visit across the four segments.

In terms of gaming budget, Segment I (31.8%) had the highest proportion of members whose gaming budget was less than $100, followed by Segment II (21.5%), while about 42% of Segment IV and 39% of Segment II had a gaming budget between $201 and $500. In addition, Segment IV had the highest proportion of respondents with a gaming budget over $500. A statistically significant difference at $p < 0.01$ was found in the gaming budget distributions of the segments.

The majority of survey respondents were Ruby members (88.5%) of the client casino loyalty program. Among these respondents, Segment I (89.6%) had a slightly higher percentage of respondents who were Ruby members compared to Segment II (89.1%), Segment III (88.5%), and Segment IV (87.6%). About 4% of those in Segment IV were Diamond members, followed by Segment III (3.5%) and Segment I (3.2%). There was no significant difference across the four segments in terms of loyalty tier distribution.

The client casino is the favorite casino for most respondents (90.6%) in Segment I and a majority (63%) of Segment II members. Unfortunately, only 28% of respondents in Segment IV indicated that the client casino is their favorite of casino. There was a significant difference among the segments at $p <0.01$.

Regarding visits to the client casino, over 70% of Segment I members visited the client casino within the previous 3 months. A smaller proportion but still a majority of Segment II (58.8%), Segment IV (58.6%), and Segment III (52.7%) also visited the casino. A statistically significant difference at $p<0.01$ was found across the segments.

In terms of the number of casinos in Louisiana and Mississippi that respondents visited during the past 3 months (N=1,296), Segment IV members visited 6 different casinos on average during the previous 3 months, while Segment III members visited about 3.6 casinos. However, Segment I members visited 1.7 casinos and Segment II members visited 2.4 casinos, on average. There was a significant difference at $p < 0.01$ in regards to the number of casinos visited during the previous 3 months across the segments.

With respect to the proportion of those visiting the client casino compared to those visiting other casinos during the previous 3 months, 70.0% of Segment IV members and 46.5% of Segment III members made less than 30% of their total casino visits to the client casino. However, more than 70% of Segment I members made more than 80% of their casino visits to the client casino, and about 33% of Segment II members made more than 80% of their casino visits to the client casino. Only 6.1% of Segment IV and 15.8% of Segment III made more than 80% of their casino visits to the client casino. A statistically significant difference at $p<0.01$ was found in the client casino visit proportion across the segments.

In terms of number of trips to the client casino, there was no significant different across the four segments. Respondents in Segment I made about 12 trips to the client casino during the previous 12 months, while those in Segments II, III, and IV made about 11 trips to the client casino. There was no significant difference found in the number of trips to the client casino among the different segments.

A statistically significant difference at $p < 0.01$ exists in the theoretical average across segments. Segment IV members ($108.22) spent the most per visit at the client

casino, on average, followed by Segment III ($98.00) and Segment II ($78.49). Meanwhile, Segment I members spent only $56.79 per visit at the client casino.

The theoretical sum of Segment IV ($1,674.33) was higher compared to those of Segment III ($1,469.37) and Segment II ($1,212.45), while Segment I ($1,098.21) was the least valuable segment for the client casino. However, there is no statistically significant difference at $p < 0.01$ in the average theoretical sum of the four segments.

Table 11. Gaming Behaviors of Segments

	Seg I	Seg II	Seg III	Seg IV	X^2
Primary Reasons for Visiting Casinos					**31.653****
To Win	5.8%	7.8%	8.1%	4.5%	
For pleasure/entertainment	25.2%	21.0%	15.6%	14.6%	
Both to win and for pleasure/entertainment	69.1%	71.2%	76.4%	80.9%	
Length of Casino Stay					**86.302****
Less than 3 hours	6.5%	2.9%	2.1%	2.2%	
3- 6 hours	32.5%	27.0%	19.1%	16.3%	
6-9 hours	13.7%	13.3%	12.6%	11.8%	
9-12 hours	7.2%	5.8%	7.4%	6.3%	
One day	8.7%	14.4%	16.0%	19.1%	
Two days	22.0%	28.0%	35.4%	35.4%	
Three days	6.1%	6.7%	5.7%	7.3%	
More than three days	3.2%	1.9%	1.6%	1.5%	
Gaming Budget					**172.902****
Less than $25	2.9%	0.5%	0.6%	0.2%	
$25 - $50	9.5%	7.4%	3.0%	0.9%	
$51 - $100	19.4%	13.6%	6.1%	5.8%	
$101 - $200	23.8%	25.9%	22.7%	20.5%	
$201 - $500	29.7%	31.8%	39.3%	41.9%	
$501 - $1000	9.2%	14.5%	19.4%	20.2%	
Over $1,000	5.5%	6.2%	9.0%	10.5%	
Loyalty Tier [a]					**1.693**
Ruby	89.6%	89.1%	88.5%	87.6%	
Sapphire	7.2%	8.2%	8.0%	8.6%	
Diamond	3.2%	2.7%	3.5%	3.7%	
Favorite Casino					
Client Casino	90.6%	63.3%	43.5%	28.0%	**301.896****

* Significant at p<.05, ** Significant at p<.01

Table 11. Gaming Behaviors of Segments (Cont'd)

	Seg I	Seg II	Seg III	Seg IV	X^2
Visit to the Client Casino [a]					**26.301****
Within 12 Months, but Not 3 Months Visitors	29.4%	41.2%	47.3%	41.4%	
Within 3 Months Visitors	70.6%	58.8%	52.7%	58.6%	
Number of Casino Visited [b]					
Mean	1.71	2.42	3.63	6.03	**194.640****
1	66.5%	28.4%	15.8%	5.6%	**526.267****
2	16.2%	35.4%	17.7%	9.2%	
3	10.2%	19.7%	22.4%	13.0%	
4	1.0%	7.5%	12.2%	13.2%	
5+	6.1%	9.0%	31.9%	59.0%	
Total Visit Proportion [b]					**423.569****
>=80	70.1%	32.8%	15.8%	6.1%	
50-79.9	15.7%	25.8%	21.1%	11.5%	
30-49.9	5.1%	17.7%	16.6%	12.5%	
<30	9.1%	23.8%	46.5%	70.0%	
Gaming Spending & Trip [c]					
Average Trips [d]	11.90	10.68	11.19	11.17	**0.219**
Theoretical Average [e]	56.79	78.49	98.00	108.22	**8.131****
Theoretical Sum [f]	1098.21	1212.45	1469.37	1674.33	**0.787**

* Significant at p<.05, ** Significant at p<.01

[a] The client casino utilize tiered/segmented loyalty program based on customer's level of play over the previous year, and call these tiers as Ruby, Sapphire, and Diamond. Ruby is the base tier and Diamond is the highest tier in the client casino's loyalty program.

[b] Responses based on members who visited the client casino during the previous 3 months (N=1,296)

[c] Trip and spending data were achieved from the client casino's database.

[d] Average number of trips to the client casino during the previous 12 months

[e] Average spending per casino visit during the previous 12 months

[f] Total Spending during the past 12 months

Usage of Player's Club Card by Segments

With regard to the question, "How often do you use your player's club card when gaming at the casino?" over 70% of respondents in Segment IV stated that they use their player's club card all the time, followed by 67.8% of Segment III and 59.4% of Segment II. About half (49.6%) of the respondents in Segment I answered that they use their player's club card all the time. There was a significant difference at $p < 0.01$ in terms of the usage of a player's club card across segments.

Table 12. Usage of Player's Club Card by Segments

	Segment I	Segment II	Segment III	Segment IV	X^2 or F
All the time	49.6%	59.4%	67.8%	70.4%	**76.442****
Most of the time	32.0%	28.4%	24.7%	24.1%	
Sometimes	11.4%	9.8%	5.0%	4.6%	
Rarely	4.8%	1.9%	2.1%	0.6%	
Never	2.2%	0.5%	0.4%	0.3%	
Mean [a]	**3.22**	**3.44**	**3.57**	**3.64**	**38.947****

[a] Items were measured on a scale ranging from 0 (Never) to 4 (All the time)
** Significant at p<.01

Differences in the Perceived Loyalty Program Value, Switching Costs, Satisfaction, and Loyalty across Segments

The fourth objective of this study was to investigate whether the segments differ regarding their perceived value of loyalty program (e.g., economic value, special treatment/services, and communications), how they perceive switching costs, satisfaction, attitudinal and behavioral loyalty. Analysis of variance (ANOVA) tests were performed to determine if there were statistically significant differences among the four segments in regards to the perceived economic value, special treatment/services, communications of the loyalty program (i.e., Player's Club), the perceived switching costs, and satisfaction, attitudinal loyalty, and behavioral loyalty.

Table 13 shows that the mean differences in the perceived economic value, special treatment/services, communications of the loyalty program (i.e., player's club), and perceived switching costs were statistically significant for 11 statements at $p < 0.01$, and for one statement at $p < 0.05$. However, two items under special treatment/service, "I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of this casino's player's club" and "Members of this casino's player's club receive better service than non-members" were not statistically significant at $p < 0.05$.

Members of Segments I and II tended to agree the most (higher aggregate mean scores) in regards to the perceived economic value of the client casino's loyalty programs (3.72 and 3.65 respectively), special treatment/services (3.46 and 3.45 respectively), communications (4.03 and 3.83 respectively), and perceived switching costs (3.51 and 3.21 respectively). Interestingly, Segment III rated one of the three "special treatment/services" (i.e., "I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of this casino's player's club" [3.66]) higher in agreement than the other segments. In addition, Segments III and IV perceived switching costs relatively lower (3.00 and 2.68 respectively) than Segments I and II (3.51 and 3.21, respectively).

Table 14 shows the mean differences in satisfaction, attitudinal loyalty, and behavioral loyalty. There were statistically significant differences for all statements at $p < 0.01$. The results show that Segments I and II had very high levels of satisfaction with the client casino (4.35 and 4.21 respectively): "I am satisfied with this casino" (4.37 and 4.22 respectively), "Playing games at this casino is a great experience" (4.26 and 4.16 respectively), and "Overall and over time, I am satisfied with this casino" (4.42 and 4.26 respectively). However, it is important to note that Segments III and IV were also satisfied with the client casino (4.10 and 4.01 respectively), but slightly less satisfied compared to those in Segment I and II.

Segments I and II (3.95 and 3.72 respectively) had higher on average on the combined attitudinal loyalty than Segments III or IV (3.61 and 3.47 respectively). In addition, Segments I and II showed higher behavioral loyalty (4.37 and 4.10 respectively) than Segments III and IV (3.96 and 3.81 respectively).

Table13. Mean Differences in the Perceived Economic Value, Special Treatment/ Services, and Communications of Loyalty Program (i.e., Player's Club), and the Perceived Switching Costs

	Seg I	Seg II	Seg III	Seg IV	All	F
Perceived Economic Value	**3.72**[a b]	**3.65**	**3.54**	**3.41**	**3.55**	**10.262****
The cash value of this casino's player's club rewards is high	3.51	3.48	3.40	3.22	3.38	8.568**
This casino's player's club offers various redemption options (e.g., gifts, tickets, cash back, food, spa, etc.)	3.82	3.79	3.68	3.54	3.68	8.972**
I do not have to wait long to receive rewards from this casino's player's club	3.78	3.70	3.60	3.52	3.62	5.192**
This casino's player's club offers rewards that I have wanted	3.74	3.65	3.54	3.38	3.54	10.792**
Special Treatment/Services	**3.46** [b]	**3.45**	**3.49**	**3.37**	**3.44**	**1.547**
I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of this casino's player's club	3.59	3.58	3.66	3.57	3.60	0.677
I receive special treatment (e.g., discounts, invitation to the special events, etc.) because I am a member of this casino's player's club	3.43	3.39	3.39	3.21	3.34	3.538*
Members of this casino's player's club receive better service than non-members	3.35	3.40	3.42	3.33	3.38	0.882
Communications	**4.03** [b]	**3.83**	**3.75**	**3.61**	**3.77**	**10.963****
This casino's player's club keeps me informed of promotions, special events, net services, etc.	4.14	3.93	3.86	3.73	3.88	9.818**
I receive mailings about this casino's player's club on a regular basis	3.84	3.69	3.62	3.50	3.63	5.886**
The quality of communication from this casino's player's club is consistently high	4.08	3.88	3.78	3.62	3.80	13.070**
Perceived Switching Costs	**3.51** [b]	**3.21**	**3.00**	**2.68**	**3.02**	**53.830****
It would take a lot of time, effort, and money to switch from this casino to other casino	3.66	3.42	3.25	2.98	3.26	30.201**
I feel uncertain if I visit a new casino	3.53	3.29	3.08	2.75	3.09	42.728**
In general it would be a hassle visiting other casinos	3.44	3.05	2.82	2.47	2.85	58.592**
It would be very inconvenient for me to switch to other casino	3.44	3.08	2.82	2.51	2.87	54.275**

[a] Items were measured on a scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree)
[b] Aggregate mean scores
* Significant at p<.05, ** Significant at p<.01

Table 14. Mean Differences in Satisfaction, Attitudinal Loyalty, and Behavioral Loyalty

	Seg I	Seg II	Seg III	Seg IV	All	F
Satisfaction	**4.35** [a b]	**4.21**	**4.10**	**4.01**	**4.13**	**14.990****
I am satisfied with this casino	4.37	4.22	4.09	4.00	4.13	14.367**
Playing games at this casino is a great experience	4.26	4.16	4.05	3.93	4.07	12.009**
Overall and overtime, I am satisfied with this casino	4.42	4.26	4.15	4.07	4.19	13.170**
Attitudinal Loyalty	**3.95** [b]	**3.72**	**3.61**	**3.47**	**3.64**	**19.006****
I will continue to visit this casino even if a new casino is opened nearer to my home	4.13	3.90	3.81	3.70	3.84	13.504**
I am committed to this casino	3.85	3.64	3.50	3.33	3.53	19.092**
I feel a sense of belonging at this casino	3.86	3.63	3.51	3.38	3.54	15.764**
Behavioral Loyalty	**4.37** [b]	**4.10**	**3.96**	**3.81**	**4.00**	**35.537****
I will visit this casino on my next gaming trip	4.24	3.90	3.63	3.41	3.71	50.505**
I intend to continue to be a this casino's customer	4.50	4.31	4.28	4.22	4.30	9.096**

[a] Items were measured on a scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree)
[b] Aggregate mean scores
* Significant at p<.05, ** Significant at p<.01

Testing Measurement Model and the Hypothesized Structural Model

The fifth and sixth objectives of this study were to develop and test an integrated casino loyalty model, and then to examine if any statistical differences exist across segments for the model. The test of the hypotheses required three different analytical procedures. First, a factor analysis was performed to identify underlying dimensions of the perceived value of loyalty program. Second, Confirmatory Factor Analysis (CFA) was performed to test the measurement model of the model constructs and to determine whether various indicators were significantly related with the constructs. Third, Structural Equation Model using a Maximum-Likelihood estimation procedure linked with EQS 6.1 software was then employed to assess the causal relationships among perceived economic value, special treatment/services, communications, satisfaction,

switching costs, attitudinal loyalty, and behavioral loyalty. In this procedure, all of the hypothesized associations were simultaneously tested (Kline, 1998).

Factor Analysis

An exploratory factor analysis was performed to determine the underlying dimensions of the perceived loyalty program value. Three methods were used to assess if the factor analysis was appropriate. First, the correlation matrix and the communality estimates were examined to assure that they provided high enough correlation coefficients. If the correlation coefficients are small throughout the matrix, factoring may be inappropriate (Hair, Anderson, Tatham, and Black, 1998). Second, a Kaiser-Meyer-Olkin measure of sampling adequacy (MSA) was calculated and the overall MSA was found to be 0.92, which was acceptable (Table 15). The third procedure was a Bartlett's Test of Sphericity, which is a statistical test for the overall significance of all correlations within a correlation matrix originating from a population of variables that are independent. If the hypothesis is rejected, the data are appropriate for factor analysis (Hair et. al, 1998). Table 15 presents the results of the Bartlett's test, which rejected the hypothesis, meaning the data were appropriate for factor analysis.

Table 15. Results of Testing for Adequacy of Factor Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	15210.503
	df	45
	Sig	.000

After the appropriateness tests were completed, a factor analysis using principal components with a Varimax rotation was performed to group 10 statements of the perceived values of loyalty program. The final solution had two factors, which explained

72.24% of the total variance. Cronbach's alpha, the most commonly used reliability measure, was applied to test the reliability of the factors. The factors with alphas of more than 0.6 were retained for further analysis. An alpha of 0.6 and higher indicates that there is a reasonable level of internal consistency among the items making up the factor (Hair et. al, 1998). Both factors had very high Cronbach alphas (0.90 and 0.93 respectively). Table 16 presents the factor solutions with their variance, Eigenvalues, and loadings.

The first factor extracted was composed of seven items and was named "perceived economic value & special treatment/services." Four statements comprised perceived economic value of loyalty program: "This casino's player's club offers rewards that I have wanted," "The cash value of this casino's player's club rewards is high," "This casino's player's club offers various redemption options (e.g., gifts, tickets, cash back, food, spa, etc.)," and "I do not have to wait long to receive rewards from this casino's player's club." The other three statements were originally related to special treatment/services; "Members of this casino's player's club receive better service than non-members"; "I receive special treatment (e.g., discounts, invitations to the special events, etc.) because I am a member of this casino's player's club"; and "I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of this casino's player's club." This factor had the largest Eigenvalue (3.89) and explained 38.89% of the total variance.

"Communications" was the second factor. This factor had an Eigenvalue of 3.34 and explained 33.35% of the total variance. Three statements were related to this casino's communication efforts: "I receive mailings about the loyalty program on a

regular basis," "This casino keeps me informed of promotions, special events, services, etc.," and "The quality of communication from this casino is consistently high."

The exploratory factory analysis revealed that the perceived economic value of loyalty program and special treatment/services were loaded on the same factor. Under further inspection of the wording of the items, it is probable that special treatment/services may be similar in nature to properly discriminate from the perceived economic value of loyalty program. To illustrate this point, consider statements "I often receive rewards/comps/gifts because I am a member of this casino's player's club" and "I receive special treatment because I am a member of this casino's player's club" are directed at the level of special treatment/services made by the casino to increase perceived economic value of loyalty program. The issue regarding validity of including special treatment/services in the customer loyalty model was subsequently reassessed by confirmatory factor analysis, to be discussed later in this chapter.

Table 16. The Result of Exploratory Factor Analysis

	Loading	Eigen Value	Variance Explained
Perceived Economic Value & Special Treatment/Services		3.888	38.884
This casino's player's club offers rewards that I have wanted	.793		
The cash value of this casino's player's club rewards is high	.793		
This casino's player's club offers various redemption options (e.g., gifts, tickets, cash back, food, spa, etc.)	.782		
I do not have to wait long to receive rewards from this casino's player's club	.734		
Members of this casino's player's club receive better service than non-members	.669		
I receive special treatment (e.g., discounts, invitation to the special events, etc.) because I am a member of this casino's player's club	.665		
I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of this casino's player's club	.583		
Communications		3.335	33.353
I receive mailings about the loyalty program on a regular basis	.886		
This casino keeps me informed of promotions, special events, services, etc.	.880		
The quality of communication from this casino is consistently high	.878		
Total Explained Variance			**72.237**

Testing the Measurement Model: Confirmatory Factor Analysis

This section concentrates on assessing and refining the measurement model that represents relations between observed variables and factors. First, SEM assumption tests measuring normality of the data are discussed. Next, the measurement model was assessed and refined through confirmatory factor analysis (CFA). The procedures for improving model fit are presented, along with the discussions of reliability, convergent validity, and discriminant validity for the measurement model.

Normality Test

SEM is extremely sensitive to distributional characteristics of data. In SEM, maximum likelihood estimation (MLE) is utilized, and it is based on the assumption of normality (Hair et al., 1998). Normality for each variable in the proposed model was

examined to determine whether the data meet the normality assumption for the MLE. Since the results must fall within acceptable standards for subsequent SEM analyses to be meaningful, the normality test is a very important preliminary analysis step. In order to evaluate normality, skewness and kurtosis tests were performed. Table 17 shows that the value for univariate skewness and kutosis ranged from -1.05 (SA3) to 0.29 (SC3) and from -.91 (ST2) to 1.21 (SA3) respectively. Values of all variables in the model for univariate skewness and kurtosis were found to fall within conventional criteria (Kline, 1998) of normality (-3 to 3 for skewness and -10 to 10 for kurtosis).

Confirmatory Factor Analysis: Model Specification

The proposed measurement model was examined for the relations between the observed variables and the factors through loadings of the observed variables and their error term. The proposed measurement model consisted of seven factors and 22 observed variables as shown in Figure 7. The perceived economic value of the loyalty program and perceived switching cost were each specified by four observed variables. Communications, special treatment/services, satisfaction, and attitudinal loyalty were each specified by three observed variables. Behavioral loyalty was specified by two observed variables. All observed variables in the proposed measurement model were presented earlier in Table 5.

Table17. Normality Test Results of Observed Variables Included in the Proposed Model

	Variable Names	Skewness [a]	Kurtosis [b]
Perceived Economic Value			
The cash value of this casino's player's club rewards is high	PV1	-.0780	-.3118
This casino's player's club offers various redemption options (e.g., gifts, tickets, cash back, food, spa, etc.)	PV2	-.4054	-.0978
I do not have to wait long to receive rewards from this casino's player's club	PV3	-.4298	-.2394
This casino's player's club offers rewards that I have wanted	PV4	-.2827	-.2683
Special Treatment/Services			
I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of this casino's player's club	ST1	-.9321	.4033
I receive special treatment (e.g., discounts, invitation to the special events, etc.) because I am a member of this casino's player's club	ST2	-.5877	-.5429
Members of this casino's player's club receive better service than non-members	ST3	-.7124	-.0743
Communications			
This casino's player's club keeps me informed of promotions, special events, new services, etc.	COM1	-.5476	-.8508
I receive mailings about the this casino's player's club on a regular basis	COM2	-.2241	-.9077
The quality of communication from this casino's player's club is consistently high	COM3	-.1384	-.4541
Satisfaction			
I am satisfied with this casino	SAT1	-.9369	.8222
Playing games at this casino is a great experience	SAT2	-.6727	.1972
Overall and over time, I am satisfied with this casino	SAT3	-1.0501	1.2084
Switching Cost			
It would take a lot of time, effort, and money to switch from this casino to another casino	SC1	-.0230	-.6177
I feel uncertain if I visit a new casino	SC2	.0584	-.5955
In general it would be a hassle visiting other casinos	SC3	.2853	-.5387
It would be very inconvenient for me to switch to another casino	SC4	.2808	-.5544
Attitudinal Loyalty			
I will continue to visit this casino even if a new casino is opened nearer to my home	AL1	-.6441	.0442
I am committed to this casino	AL2	-.2208	-.4803
I feel a sense of belonging at this casino	AL3	-.2362	-.4310
Behavioral Loyalty			
I will visit this casino on my next gaming trip	BL1	-.4130	-.5425
I intend to continue to be a this casino's customer	BL2	-.9288	1.0915

[a] Skewness refers to the symmetry of the distribution. Skewness with a value above 3 is conventionally considered as extremely skewed.

[b] Kurtosis value of 10 is a conventional criterion indicating normality distribution in terms of its peakedness. Values above 10 are considered extremely peaked.

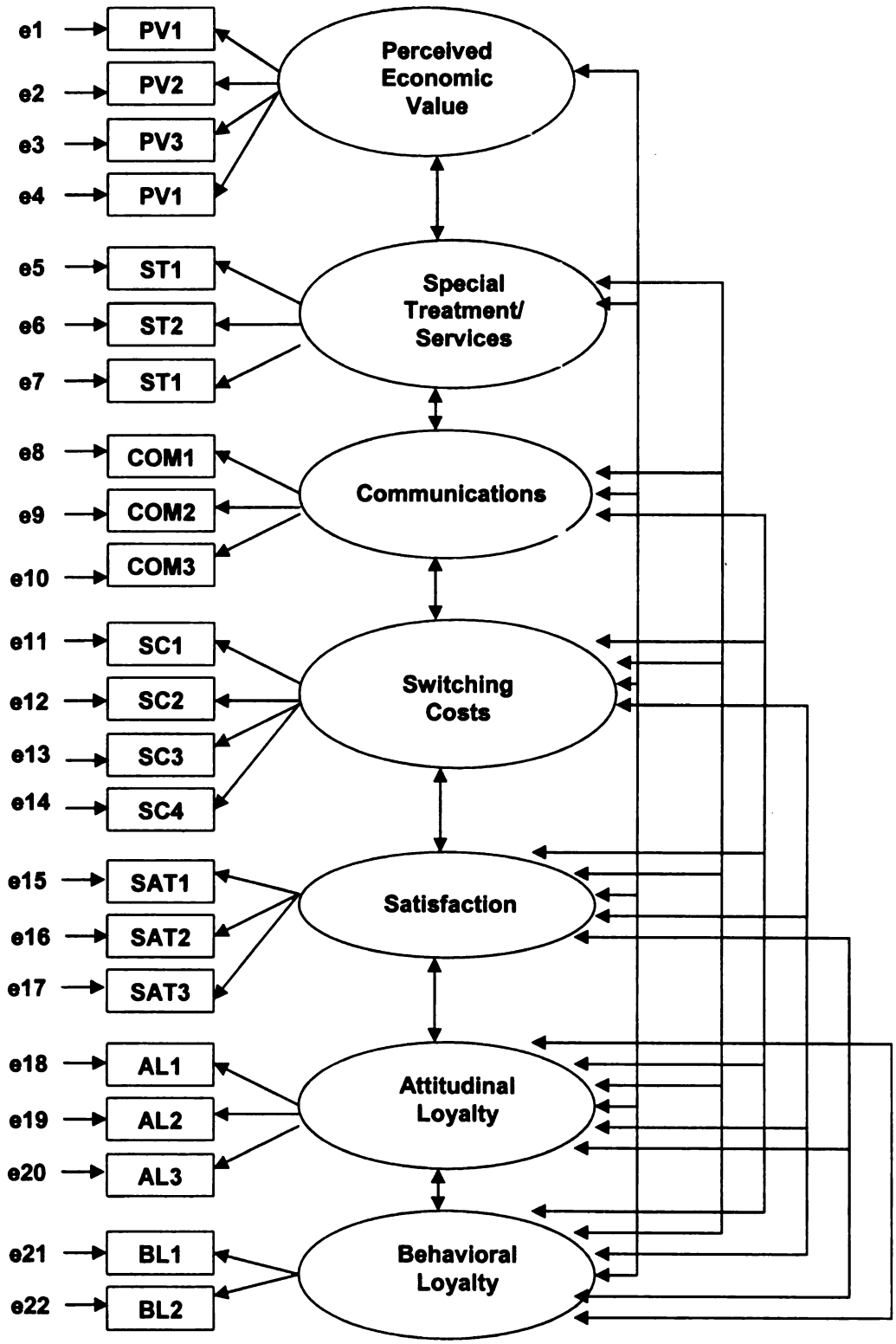


Figure 7. Proposed Measurement Model

The purpose of the measurement model is to test convergent and discriminant validity. Once the measurement model has reached an acceptable level of fit, the full hypothesized structural model is tested to determine its fit relative to the data being tested. Model modification procedures were used to identify observed variables that had low factor loadings, significant cross loadings, and large residuals using standardized factor. The Lagrange Multiplier Test (LM Test) then provided suggestions for model modifications to improve the chi-square/degrees of freedom ratio, thus attempting to improve the fit of the model to the data.

Some researchers have raised questions related to the reliability of using chi-square tests as the only indicator of model fit (Fan, Thompson, & Wang, 1999). As a result, a number of model fit indices have been developed and are now included in all structural equation modeling statistical programs. The most commonly accepted fit indices are the Comparative Fit Index (CFI: Bentler, 1990), Incremental Fit Index (IFI; Bollen , 1980), and Non-Normed Fit Index (NNFI: Bentler & Bonett, 1890). The cut-off values for CIF, IFI, and NNFI are set at 0.90. The Root Mean Square Error of Approximation (RMSEA) is the most cited alternative fit index, and this focuses on the degree of fit between the data being tested and the proposed model. According to MacCallum et al. (1996), the RMSEA value should be small (preferably 0.05 or lower).

As stated previously, the proposed measurement model was tested first. Overall fit indices for proposed and modified measurement models through modification procedures are presented in Table 18. They indicated that the proposed model did not produce a good fit with the data $\chi^2(188) = 1864.3$, $p<.001$ ($\chi^2/df=9.92$, CFI=.954, NNFI=.944, RMSEA=.069). The proposed model needed further modification, since the

χ^2/df value of 9.92 did not fall within a range of acceptable values (two to five as suggested by Marsh and Hocevar, 1985) and the RMSEA was greater than 0.05.

One of the observed variables (i.e., Members of Paragon Preferred Players Club receive better service than non-members) in special treatment/services with low factor loading (less than .50 as suggested by Kline, 1998) was removed from the proposed measurement model in accordance with rules suggested by Kline (1998). However, the decision was made to keep the other two special treatment/services items that were a problem as earlier observed from exploratory factor analysis because the model including these two special treatment/services items had better model fit. The CFA test results showed that Model 1 was a significantly better fit than the proposed model in terms of chi-square difference ($\Delta\chi^2(50)=827.1$, $p<.0001$). However, this model still presented a poor fit to the other indices (χ^2/df=7.52, RMSEA=.059). Thus, one observed variable (i.e., It would take a lot of time, effort, and money to switch from this casino to other casino) was identified and deleted due to shared large residuals with other observed variable loadings to form Model 2.

Model 2 was tested. Even though Model 2 was a significantly better fit than Model 1 in terms of chi-square differences ($\Delta\chi^2(23)=389.7$, $p<.0001$), Model 2 needed further improvement since the χ^2/df value (5.63) was still greater than 5 (outside a range of 2 to 5 as suggested by Marsh and Hocevar, 1985). Thus, additional error variances were manipulated to improve fit of the model.

Finally, Model 3 was re-examined. The fit index showed a significant improvement in terms of chi-square differences ($\Delta\chi^2(24)=420.5$, $p<.0001$). In addition, all fit indices indicated a good fit to the data (χ^2/df=2.49, CFI=.996, NNFI=.993,

RMSEA=.028). The modified model (Model 3) exceeded the proposed model on all fit criteria, which confirmed that the modifications were meaningful and appropriate.

Table 18. Comparison of Overall Fit Indices for Proposed and Modified Measurement Models

	χ^2	df	χ^2/df	NNFI	CFI	RMSEA	$\Delta\chi^2$
Proposed Model	1864.263	188	9.92	.944	.954	.069	-
Model 1	1037.728	138	7.52	.963	.975	.059	827.1
Model 2	648.010	115	5.63	.975	.985	.049	389.7
Model 3	227.469	91	2.49	.993	.996	.028	420.5

NNFI=non-normed fit index; CFI=comparative fit index; RMSEA=root mean square error of approximation; $\Delta\chi^2 = \chi^2$ difference between two models (e.g., χ^2 of Model 1 - χ^2 of Model 2)
Criteria to accept model: χ^2/df should be less than 5; NNFI and CFI should be greater than .90, RMSEA should be small than .05

Reliability and Validity

A reliability test was used to assess the internal consistency between measurements of Model 3. As Sekaran (1992) suggested, the coefficient alpha is the most popular measure of reliability. It was used to assess the internal homogeneity existing among the items in this study. Table 19 presents the coefficient alpha estimates for each of the model constructs. The Coefficient Alpha ranged from .707 to .935. As recommended by Nunnally(1978), all alpha coefficients exceed the minimum standard for reliability of 0.7. Therefore, these items are highly reliable for measuring each construct.

Table 19. Reliability Analysis for the Loyalty Model Construct

Variables	**Coefficient Alpha**
Perceived Economic Value	.911
Communications	.931
Satisfaction	.915
Switching Cost	.935
Attitudinal Loyalty	.900
Behavioral Loyalty	.707

Content validity ensures that the measure includes an adequate and representative set of items that would adequately and validly describe the concept. The items used to measure the perceived economic value of the loyalty program, special treatment/services, communications, perceived switching cost, satisfaction, and attitudinal and behavioral loyalty were selected after (1) an extensive literature review, (2) input from casino marketing and customer service staff, and (3) reviews from faculty members with expertise in casino marketing. All items were pilot tested and respondents were asked to evaluate the appropriateness of the measuring instruments. It was evident that these research procedures ensured the high content validity of the measurement instrument.

Convergent validity is used to determine whether different observed variables used to measure the factors are highly correlated. Convergent validity can be examined by reviewing the result of t-test for the factor loadings (Hatcher, 1994). Table 20 shows that all the factor loadings for the observed variables measuring each factor are highly loaded ranging from .76 to .96 and are statistically significant. Thus, it can be concluded that all observed variables measure their corresponding factor, providing evidence of convergent validity.

Discriminant validity is the degree to which items differentiate among constructs or measure distinct concepts. As shown in Table 21, *discriminant validity* was assessed through inspection of the correlations among factors. Table 21 provides the evidence for discriminant validity (Anderson & Gerbing, 1988) since estimated correlations were not excessively high, and no correlations are higher than the recommended level (0.85). This suggests that discriminant validity was achieved and all of the factors being modeled are distinct.

Table 20. The Result of Confirmatory Factor Analysis for Model 3 (Convergent Validity)

	Variable Names	Standardized loading[a]	t-value
Perceived Economic Value			
The cash value of this casino's player's club rewards is high	PV1	.863*	
This casino's player's club offers various redemption options (e.g., gifts, tickets, cash back, food, spa, etc.)	PV2	.847*	43.592
I do not have to wait long to receive rewards from this casino's player's club	PV3	.864*	43.247
This casino's player's club offers rewards that I have wanted	PV4	.862*	44.994
Communications			
This casino's player's club keeps me informed of promotions, special events, net services, etc.	COM1	.902*	
I receive mailings about this casino's player's club on a regular basis	COM2	.878*	47.062
The quality of communication from this casino's player's club is consistently high	COM3	.954*	61.583
Satisfaction			
I am satisfied with this casino	SAT1	.899*	
Playing games at this casino is a great experience	SAT2	.913*	46.560
Overall and over time, I am satisfied with this casino	SAT3	.906*	49.132
Perceived Switching Cost			
I feel uncertain if I visit a new casino	SC2	.928*	
In general it would be a hassle visiting other casinos	SC3	.959*	45.488
It would be very inconvenient for me to switch to another casino	SC4	.931*	40.240
Attitudinal Loyalty			
I will continue to visit this casino even if a new casino is opened nearer to my home	AL1	.756*	
I am committed to this casino	AL2	.915*	35.532
I feel a sense of belonging at this casino	AL3	.942*	33.495
Behavioral Loyalty			
I will visit this casino on my next gaming trip	BL1	.755*	
I intend to continue to be this casino's customer	BL2	.774*	23.927

[a] Standardized loadings indicate relationships between observed variables and their associated factors in order to examine convergent validity. Convergent validity refers to the degree of association between observed variables of a factor.

* Factor loadings were all significant at $p<.05$.

Table 21. Correlation among Exogenous Factors

	SC	SAT	AL	BL
Switching Cost (SC)	1.00			
Satisfaction (SAT)	.48	1.00		
Attitudinal Loyalty (AL)	.65	.71	1.00	
Behavioral Loyalty (BL)	.55	.67	.76	1.00

Testing the Hypothesized Structural Model

The proposed structural model was examined using measures resulting from the measurement model analysis. Table 22 presents the overall fit indices for the hypothesized structural model. The results shows that the proposed structural model adequately fits the data with all fit indices (RMSEA=0.32, χ^2/df =2.97, χ^2=273.3 (df=92, p<.001), CFI=.995, NNFI=.988).

Table 22. Overall Fit Indices for the Hypothesized Structural Model

	χ^2	df	χ^2/df	NNFI	CFI	RMSEA
Proposed Model	273.325	92	2.97	.988	.995	.032

NNFI=non-normed fit index; CFI=comparative fit index; RMSEA=root mean square error of approximation
Criteria to accept model: χ^2/df should be less than 5; NNFI and CFI should be greater than .90, RMSEA should be small than .05

Table 23 presents path coefficients estimated by SEM and the results of the tests of hypotheses. The path coefficients from the perceived economic value of the loyalty program, special treatments/services, and communications to the perceived switching costs (PV→ SC, ST→SC, and COM→SC) were all significant at the .05 level, and indicated strong relationships. Thus, Hypothesis H4a (i.e., Perceived economic value of the loyalty program is positively associated with switching cost), H4b (i.e., Perceived special treatment/services value is positively associated with switching cost), and H4c (i.e., Perceived communication value is positively associated with switching cost) were supported. Among the components of loyalty programs, the perceived economic value of the loyalty program had the highest level of explanatory power for the perceived switching costs with a standardized coefficient of .460.

The path coefficients from the perceived economic value of loyalty program, special treatments/services, and communications to satisfaction (PV→ SAT, ST→ SAT,

and COM→ SAT) were all significant at the .05 level, and indicated strong relationships. The perceived economic value of loyalty program had a strong effect on customer satisfaction with a standardized coefficient of .651. As a result, Hypothesis H1a (i.e., Perceived economic value of the loyalty program is positively associated with satisfaction), H1b (i.e., Perceived special treatment/services value is positively associated with satisfaction), and H1c (i.e., Perceived communication value is positively associated with satisfaction) were supported.

The path coefficients from the perceived economic value of loyalty program, special treatment/services, and communications to attitudinal loyalty (PV→AL, ST→AL, and COM→AL) showed strong and positive relationships at .05 levels. In addition, the path coefficients from satisfaction and the perceived switching costs to attitudinal loyalty (SC→AL, and SAT→AL) were significant at .05 levels with strong positive relationships. These results support Hypothesis H3a (i.e., Perceived economic value of the loyalty program is positively associated with attitudinal loyalty), H3b (i.e., Perceived special treatment/services value is positively associated with attitudinal loyalty), and H3c (i.e., Perceived communication value is positively associated with attitudinal loyalty) were supported. In addition, Hypothesis H7 (i.e., Switching cost is positively associated with attitudinal loyalty), and H5 were supported (i.e., Customer satisfaction is positively associated with attitudinal loyalty).

As shown in Table 23, the path coefficients from special treatments, communications, perceived switching costs, satisfaction, and attitudinal loyalty to behavioral loyalty (ST→BL, COM→BL, SC→BL, SAT→BL, and AL→BL) were significant at the level of .05. Thus, Hypothesis H2b (i.e., Perceived special

treatment/services value is positively associated with behavioral loyalty), H2c (i.e., Perceived communication value is positively associated with behavioral loyalty), H6 (i.e., Customer satisfaction is positively associated with behavioral loyalty), H8 (i.e., Switching cost is positively associated with behavioral loyalty), and H9 (i.e., Attitudinal loyalty is positively associated with behavioral loyalty) were supported. However, the path coefficient from the perceived economic value of the loyalty program to behavioral loyalty (PV→BL) was not significant at the level of .05. Thus, Hypothesis H2a (i.e., Perceived economic value of the loyalty program is positively associated with behavioral loyalty) was not supported. Based on the relative values of path coefficients that are show in Table 23, the effect of attitudinal on behavioral loyalty is shown by its high level of explanatory power (β =.693).

Table 23. Path Coefficients in the Hypothesized Structural Model and Hypotheses Testing Results

Path	Standardized coefficient (β)	t-value	Standard error	Hypotheses testing results
PV → SC	.460	11.942	.044	H4a Supported
ST → SC	.152	3.690	.038	H4b Supported
COM → SC	.303	9.743	.033	H4c Supported
PV → SAT	.651	17.125	.034	H1a Supported
ST → SAT	.182	4.805	.027	H1b Supported
COM → SAT	.264	9.104	.023	H1c Supported
PV → AL	.128	3.539	.030	H3a Supported
ST → AL	.109	3.423	.022	H3b Supported
COM → AL	.096	3.902	.019	H3c Supported
SC → AL	.356	15.694	.016	H7 Supported
SAT → AL	.415	15.289	.025	H5 Supported
PV → BL	.052	3.204	.046	H2a Not Supported
ST → BL	.103	2.276	.033	H2b Supported
COM → BL	.159	3.186	.041	H2c Supported
SC → BL	.242	6.396	.030	H8 Supported
SAT → BL	.457	10.062	.043	H6 Supported
AL → BL	.693	12.036	.063	H9 Supported

Note: PV=perceived economic value of loyalty program, ST=special treatment/services, COM=communications, SC=perceived switching costs, SAT=satisfaction, AL=attitudinal loyalty, BL=behavioral loyalty.
*Coefficients were significant at $p<.05$

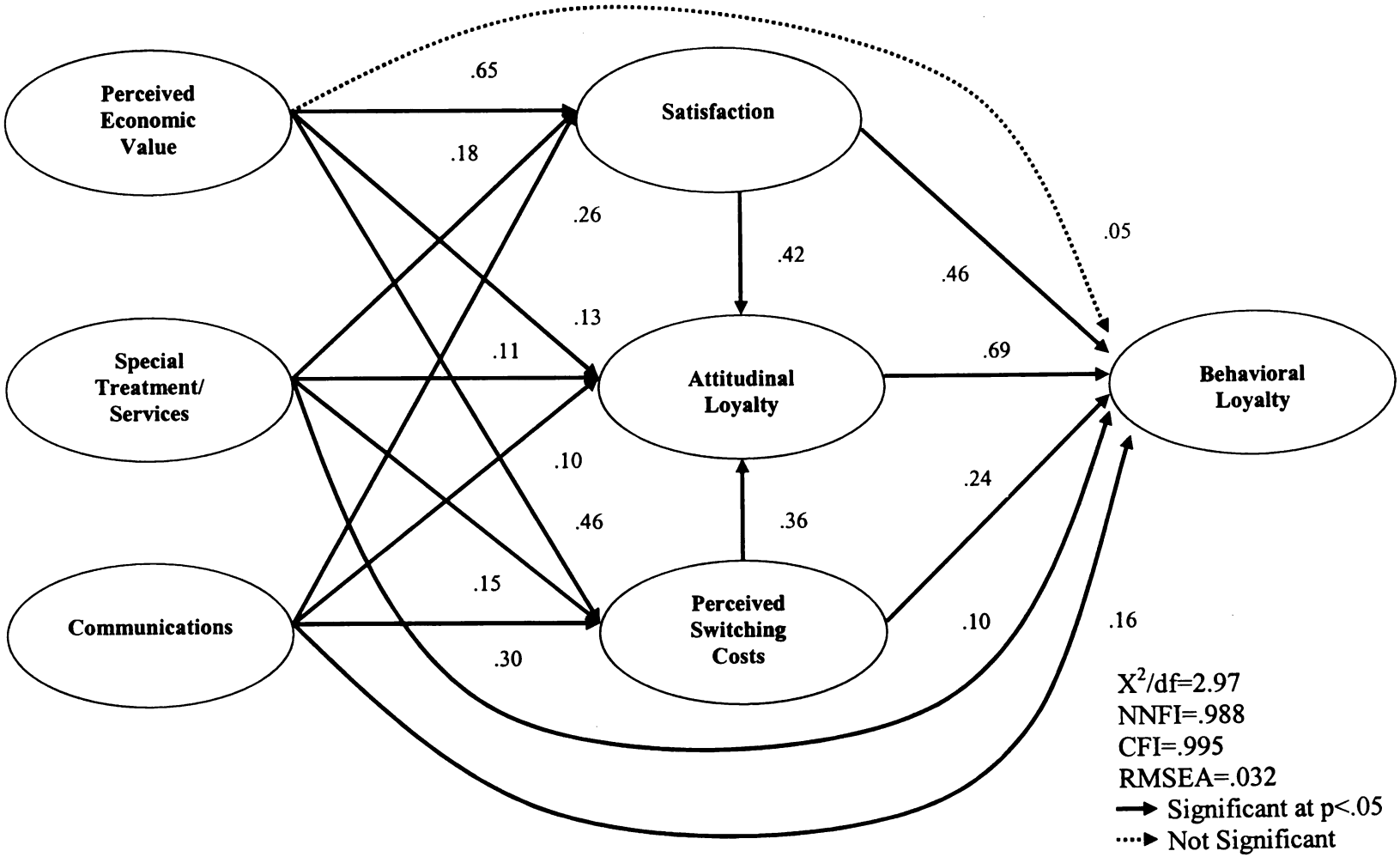


Figure 8. Structural Model for All Respondents

Multi-Group Analysis

After completing hypothesized structural model testing, a multi-group analysis was performed to assess moderating effects of number of loyalty program memberships on the final structural model. The multi-group analysis was used to facilitate a simultaneous examination across the four segments.

The multi-group analysis test was conducted using a two-step approach prescribed by Joreskog and Sorbom (1996). First, the appropriate structural parameters were constrained to be equal across groups, thereby generating an estimated covariance matrix for each group and an overall χ^2 values. Next, the parameter equality constraints were removed to allow paths to be freely and independently estimated, which resulted in a second χ^2 value with less degree of freedom. Moderator effects were tested by assessing whether statistical differences existed between the two χ^2 values. For each data set, the change in the χ^2 value was found to be significant, rejecting the null hypothesis that the structural parameters were identical across segments.

In order to examine segments' differences in individual paths, the χ^2 difference test was used to test for the moderating effects on individual paths. Table 24 presents chi-square difference results for path coefficients among segments. The chi-square difference tests showed that the paths of Perceived Economic Value → Perceived Switching Cost, Communications → Perceived Switching Cost, Perceived Economic Value → Satisfaction, and Communications → Satisfaction were highly significant. However, no statistically significant difference was found across segments for the paths from Special Treatment/Services → Perceived Switching Cost, Special Treatment/Services → Satisfaction, Perceived Economic Value → Attitudinal Loyalty,

Special Treatment/Services → Attitudinal Loyalty, Communications → Attitudinal Loyalty, Perceived Switching Cost → Attitudinal Loyalty, Satisfaction → Attitudinal Loyalty, Perceived Economic Value → Behavioral Loyalty, Special Treatment/Services → Behavioral Loyalty, Communications → Behavioral Loyalty, Perceived Switching Cost → Behavioral Loyalty, Satisfaction → Behavioral Loyalty, and Attitudinal Loyalty → Behavioral Loyalty.

Table 24. χ^2 Difference Test

Path	**Difference in χ^2**
Perceived Economic Value → Perceived Switching Cost	10.46*
Special Treatment/Services → Perceived Switching Cost	1.26
Communications → Perceived Switching Cost	9.88*
Perceived Economic Value → Satisfaction	8.48*
Special Treatment/Services → Satisfaction	4.53
Communications → Satisfaction	8.19*
Perceived Economic Value → Attitudinal Loyalty	4.15
Special Treatment/Services → Attitudinal Loyalty	1.79
Communications → Attitudinal Loyalty	2.56
Perceived Switching Cost → Attitudinal Loyalty	1.73
Satisfaction → Attitudinal Loyalty	1.31
Perceived Economic Value → Behavioral Loyalty	3.45
Special Treatment/Services → Behavioral Loyalty	2.51
Communications → Behavioral Loyalty	1.35
Perceived Switching Cost → Behavioral Loyalty	2.21
Satisfaction → Behavioral Loyalty	1.53
Attitudinal Loyalty → Behavioral Loyalty	1.89

*Coefficients were significant at $p<.05$

The results of comparisons of path coefficients among four segments are presented in Table 25. Although multi-group results were not predicted to occur beyond the construct level, multi-group analysis provided partial evidence that the strength between constructs was indeed moderated by segments.

In comparing the models for four segments, four statistically significant differences (i.e., Perceived Economic Value → Perceived Switching Cost, Communications → Perceived Switching Cost, Perceived Economic Value → Satisfaction, Communications → Satisfaction) at <.05 were for the path coefficients.

Table 25. Path Coefficients in the Hypothesized Structural Model and Hypotheses Testing Results by Segments

Path	Hypotheses	Seg I	Seg II	Seg III	Seg IV
PV → SC	H4a	.544*	.454*	.417*	.383*
ST → SC	H4b	.236*	.154*	.089	.097
COM → SC	H4c	.399*	.305*	.265*	.262*
PV → SAT	H1a	.673*	.552*	.669*	.618*
ST → SAT	H1b	.250*	.145*	.147*	.065
COM → SAT	H1c	.332*	.325*	.203*	.180*
PV → AL	H3a	.029	.160*	.130*	.150*
ST → AL	H3b	.123*	.110*	.082	.071
COM → AL	H3c	.080	.034	.124*	.139*
SC → AL	H7	.345*	.380*	.339*	.309*
SAT → AL	H5	.485*	.445*	.408*	.431*
PV → BL	H2a	.079	.080	.032	.023
ST → BL	H2b	.187*	.113*	.095	.033
COM → BL	H2c	.064	.202*	.148*	.159*
SC → BL	H8	.296*	.205*	.183*	.173*
SAT → BL	H6	.524*	.471*	.368*	.536*
AL → BL	H9	.621*	.518*	.825*	.869*

Note: PV=perceived economic value of loyalty program, ST=special treatment/services, COM=communications, SC=perceived switching costs, SAT=satisfaction, AL=attitudinal loyalty, BL=behavioral loyalty.
*Coefficients were significant at p<.05

Table 26. Comparison of Overall Fit Indices for Four Segments

	χ^2	df	χ^2/df	NNFI	CFI	RMSEA
Segment I	161.193	92	1.75	.963	.983	.049
Segment II	156.393	92	1.70	.986	.993	.037
Segment III	225.657	92	2.45	.987	.994	.035
Segment VI	172.553	92	1.88	.983	.992	.039

NNFI=non-normed fit index; CFI=comparative fit index; RMSEA=root mean square error of approximation
Criteria to accept model: χ^2/df should be less than 5; NNFI and CFI should be greater than .90, RMSEA should be small than .05

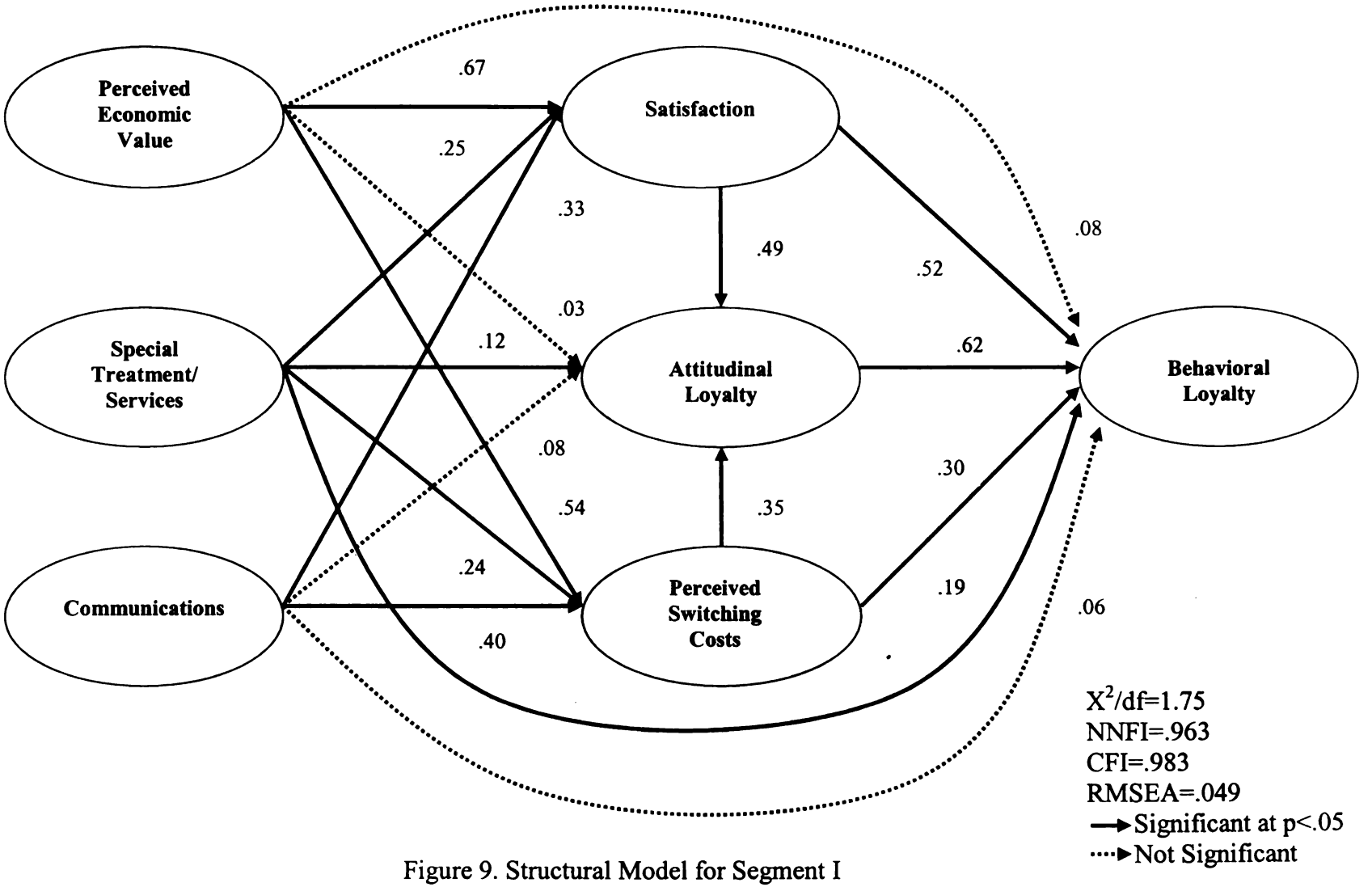


Figure 9. Structural Model for Segment I

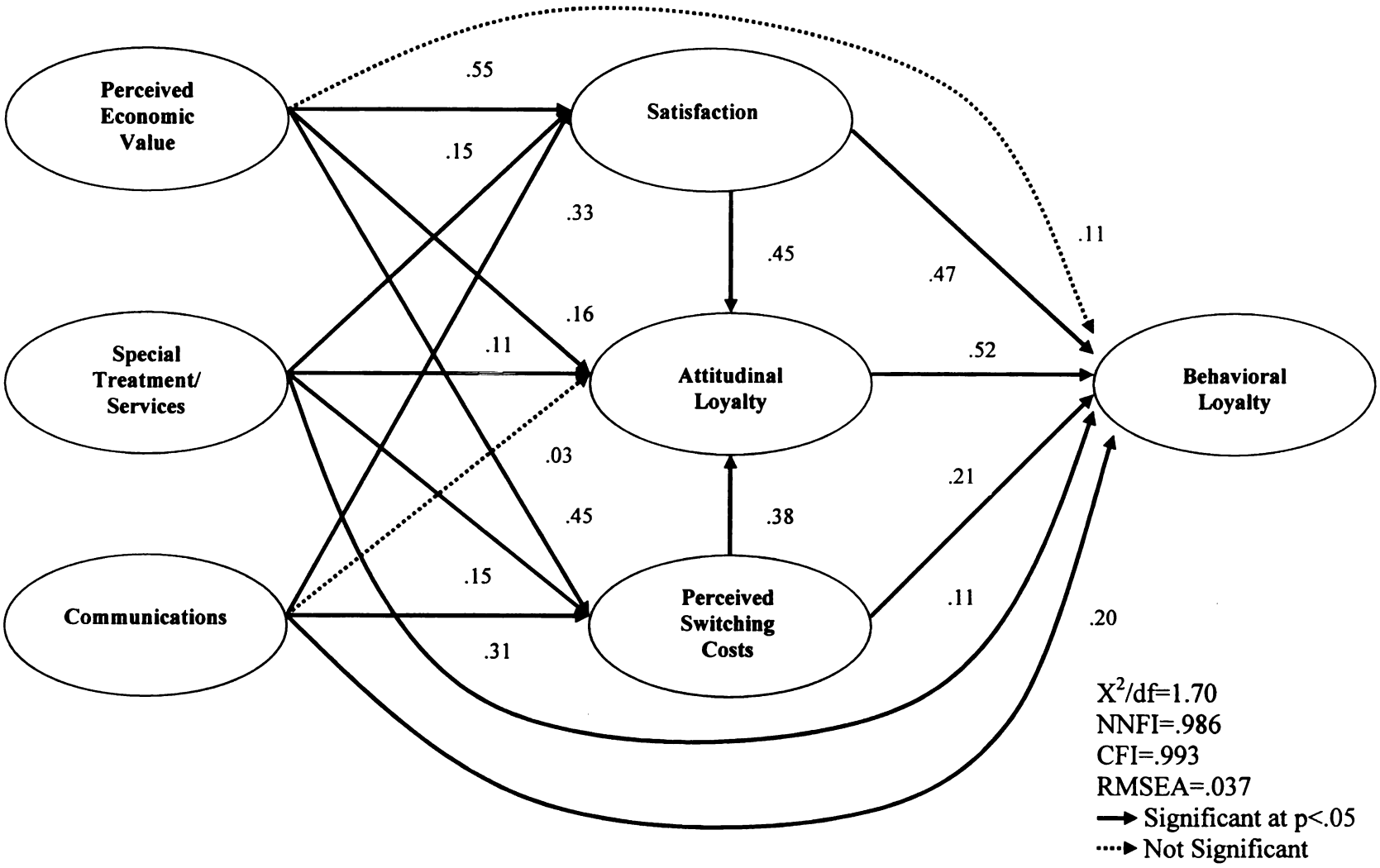


Figure 10. Structural Model for Segment II

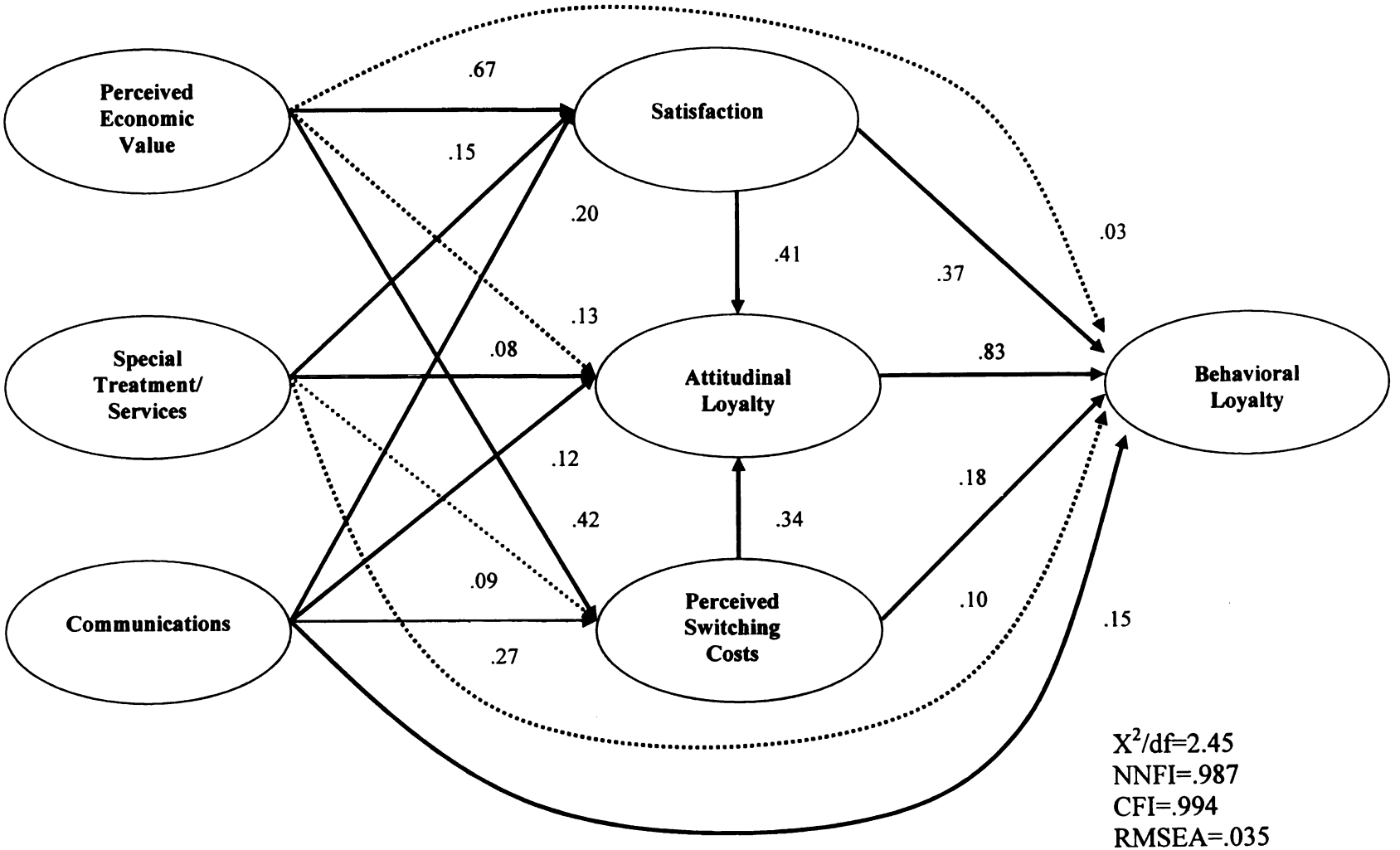


Figure 11. Structural Model for Segment III

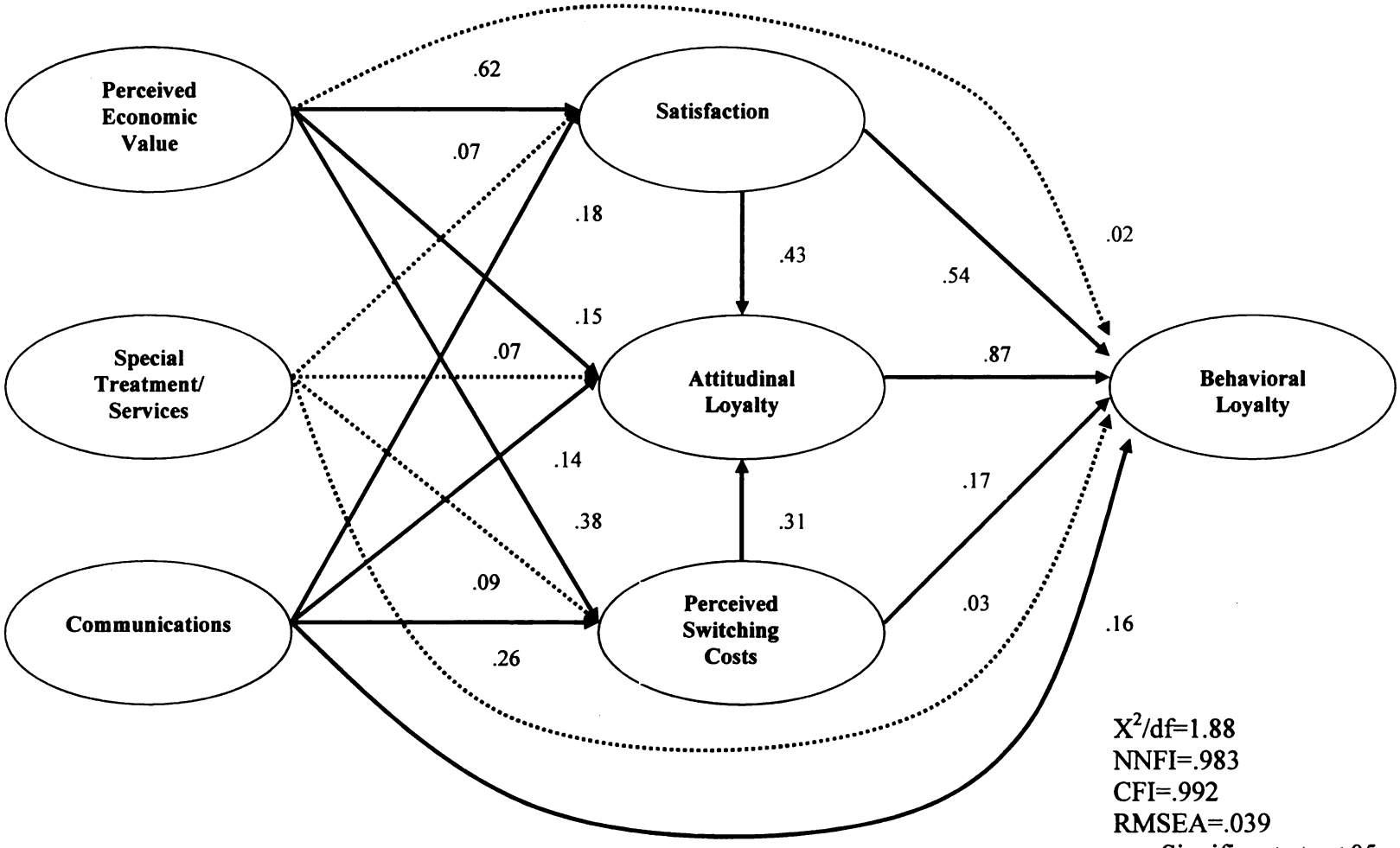


Figure 12. Structural Model for Segment IV

CHAPTER 5

SUMMARY, DISCUSSION, AND LIMITATIONS

This chapter summarizes important findings from this study and discusses their relevance to the study objectives. The practical implications of the study are discussed, and the limitations of the study and directions for future study are addressed.

Summary

As the use of loyalty programs continues to grow in the casino industry, it is crucial to better understand their role, importance, and effectiveness in creating and building attitudinal and behavioral loyalty. Understanding the components of loyalty programs (e.g., economic value, special treatment/services, and communications) to increase perceived switching cost, satisfaction, attitudinal and behavioral loyalty is even more critical to maximizing the return on investment from loyalty programs. Moreover, understanding which customers have multiple loyalty program memberships and which customers have only one loyalty program membership in terms of socio-demographic characteristics and gaming behavior (including gaming spending) is extremely critical to better design casino loyalty programs. Although more research is necessary, this study sheds additional light on loyalty and loyalty programs in the casino industry.

The first objective of this study was to segment the client casino's loyalty program members based on the number of similar casino loyalty programs to which they belong. It was found that the majority of respondents (87.4%) were members of more than two casino loyalty programs, and only 12.6% of respondents were only members of the client's program. On average, respondents were members of five casino loyalty programs. The findings confirmed previous research done by Long and Schiffman (2000).

They claim that casino customers have opportunities and reasons to visit multiple casinos and to be members of multiple loyalty programs due to the low cost of switching, the growing number of casinos to choose among, and marketing efforts aimed at attracting new customers. This is especially true of persons who travel to casinos on buses because a common requirement is that they join the loyalty programs (i.e., player's club) of the casinos they visit. Obviously, the acquisition of a player's club card from a casino does not guarantee loyalty. These results clearly demonstrate to casinos the potential value of finding ways to capture a greater share of the gaming trips and gaming budgets of their club members.

Comparing the segments based on socio-demographic characteristics was the second objective of this study. The results of this study show that there were statistically significant differences in the age, race, income, family status, and state of residence distributions across the four segments. However, there were no significant differences in terms of gender and the level of education across the four segments. With respect to age distribution, the proportion of respondents with multiple loyalty program memberships aged 36 to over 65 was relatively higher compared to respondents with a single loyalty program membership. Also, respondents with multiple loyalty program memberships had the higher proportion of married or partnered respondents with children no longer living at home, were Caucasian or White, and high-income ($100,000 plus) compared to those who belong to one casino loyalty program. A greater proportion of the persons who hold multiple memberships live outside the state where the client casino is located, suggesting that they are gaming tourists and therefore visit more casinos.

The next research objective was to compare and contrast gaming behaviors of the segments. The findings of this study show that respondents with multiple casino memberships tend to stay longer at the casino, have a higher gaming budget, and spend more money per casino visit on average. In addition, they have generated more revenue for the casino during the past 12 months compared to those with one loyalty program membership (i.e., the client casino's player's club). It is also found that persons with multiple casino memberships visited a relatively higher number of different casinos compared to respondents with one loyalty program membership; their visit proportion to the client casino was relatively low–only 6.1% of respondents with more than 7 casino loyalty program memberships made more than 80% of their total visits to the client casino, while more than 70% of respondents with one casino membership made more than 80% of their casino visits to the client casino. Even though there is no previously published research available that empirically examines the gaming behavior differences between customers with multiple loyalty program memberships and those with a single membership, the findings of the current study suggest that customers with multiple casino memberships are potentially more profitable than those with one loyalty program membership, since they stay longer and spend more when they visit the client casino. However, the problem is that they divide their spending over more casinos and the cost of winning their loyalty (e.g., incentives, etc.) is higher.

The fourth research objective was to investigate and compare these segments' perceived value of the loyalty program, the perceived switching costs, their level of satisfaction, and the level of attitudinal and behavioral loyalty to the client casino. The mean differences in the perceived economic value of the loyalty program,

communications, and the perceived switching costs were significantly different across segments. However, the results show that the overall mean difference in special treatment/services was not statistically significant. With regard to satisfaction, attitudinal loyalty, and behavioral loyalty, there were statistically significant differences across segments. The findings indicate that persons with multiple casino loyalty program memberships tended to perceive the economic value and communication value of the loyalty program as relatively low compared to customers with one casino loyalty program membership. In addition, their perceived switching cost was comparatively lower than respondents with one loyalty program membership. The findings indicate that customers with multiple casino loyalty program memberships are less satisfied with the client casino compared to persons with one casino program membership (i.e., the client casino's player's club card). This is possibly because they had other preferred casinos or because they had greater expectations since they have experienced a greater variety of casinos. As was expected, they demonstrate lower attitudinal and behavioral loyalty to the client casino.

The fifth objective was to develop and test an integrated casino loyalty model that examined the influence of perceived value of the loyalty program on switching cost, satisfaction, attitudinal and behavioral loyalty. The structural model was developed based on the findings of previous loyalty studies. The structural model provided information on how each component of the loyalty program contributes to the development of the perceived switching cost, satisfaction, and attitudinal and behavioral loyalty. Overall, the perceived economic value of the loyalty program has a great influence on predicting the perceived switching cost and satisfaction. The perceived economic value of the loyalty

program has a moderate influence on attitudinal loyalty, but very low influence on behavioral loyalty. With respect to special treatment/services and communications, they have moderate effects on the perceived switching cost, satisfaction, and attitudinal and behavioral loyalty.

In order to examine and compare the effects of the perceived loyalty program, multi-group analyses were conducted. As a result, the paths of Perceived Economic Value → Perceived Switching Cost, Communications → Perceived Switching Cost, Perceived Economic Value → Satisfaction, and Communications → Satisfaction were found to be significantly different across segments. However, no statistically significant difference was found for the other paths across the segments. This multiple group analysis suggests that the perceived economic value of loyalty program and communications create a higher level of perceived switching cost and satisfaction for persons with one loyalty program membership than those with multiple loyalty program memberships. Moreover, the perceived economic value of the loyalty program has a greater influence on the perceived switching cost and satisfaction than communications.

Conclusion and Discussion

This study is one of only a few empirical studies of customer loyalty programs and is perhaps the most comprehensive study of customer loyalty programs in the casino industry. This study resulted in a number of findings that shed light on loyalty, designing loyalty programs, and even casino management. Given that loyalty programs are designed to instill or maintain customer loyalty, and there are more casinos vying for customers, casino marketers need to understand more about what cost-effectively affects loyalty and the process of how loyalty programs can create enhanced perceptions of the

economic value, special treatment/services, and communications. Findings of this study provide helpful guidelines for casino marketers in the understanding of loyalty programs.

New casinos are being built and renovations and expansions are being completed on current casinos. In order to boost awareness of their new initiatives and gain advantage over their competitors, many casinos are utilizing extensive marketing strategies such as loyalty programs that add benefits and offer special promotions to their members. Even though loyalty programs only maintain a defensive position in a competitive market (Ehrenberg, 1997), these promotions do increase awareness of new gaming opportunities and could potentially draw current (and new) casino customers onto their properties (Palmer, 2003). However, this also results in customers having the opportunity to visit multiple casinos and be members of multiple casino loyalty programs (Palmer, 2003). As confirmed by the results of this study, the majority of respondents are members of multiple casino loyalty programs. According to Rowley (2007), some researchers and businesses would regard the holding of multiple loyalty cards as a sign of disloyalty. While Yim & Kannon (1999) argue that customers who have loyalty to more than one brand may exhibit loyalty to the notion of reward program membership either alongside or instead of loyalty to specific brands. Obviously, casinos should take time to distinguish between members who exhibit the potential for loyalty development when recruiting and managing their loyalty program members.

Despite the fact that some researchers remain unconvinced about the effectiveness of loyalty programs in generating and sustaining customer loyalty, and thus see these programs as a drain on firm resources and actually add little to firm revenue and profit streams (Barnes 1997; Kearney, 1990; Newell, 2000; Uncles, 1994), the results of this

study verify that loyalty programs do have an impact on loyalty in the casino industry (O'Brien & Jones, 1995; Dowling 1998). However, the findings of this study suggest that casino marketing needs to incorporate their loyalty marketing effort to design loyalty programs that are relevant to the customers and different from competitors. Favorable loyalty program effects can be produced when the offered loyalty program meets the needs of a customer.

The primary goal of a loyalty program is to develop and enhance the true loyalty of customers who feel so strongly that the casino can best meet their customer needs that casino competition is virtually excluded from the consideration set (Shoemaker & Lewis, 1999, p349). While some incentives may encourage casino visits it does not necessarily follow that these customers will remain loyal after that incentive is no longer available or is matched by other casinos located nearby or one with newer facilities or more amenities. This study suggests that efforts to create and sustain loyalty are not likely to be successful unless factors that encourage members to take advantage of loyalty program-related incentives and participate in events are the basis for the design of loyalty program features. Even though it is difficult for casinos to build and retain loyalty solely on the basis of their loyalty program for a number of reasons, the findings of this study demonstrate that the components of loyalty programs (i.e., economic value, special treatment/services, and communications) do have direct and indirect effects on attitudinal and behavioral loyalty. Thus, it is very significant that casinos understand which components of their loyalty program have the greatest positive influence on creating attitudinal and behavioral loyalty of customers comprising their different target markets.

While loyalty program incentives, rewards, and perks can increase trips to casinos it is important that casinos recognize the importance of designing and offering marketing mixes (including the loyalty club) which increase the motivations of different target markets to visit their casino. As is the case with almost all marketing, it is important to understand that different segments will assign different importance and value to various loyalty program offers. It would be useful to design and implement experiments to measure the response elasticity to different types and amounts of loyalty program rewards/incentives. Casinos can use this information to assess the optimal levels of benefits to offer different segments or loyalty program tiers. It is also critical to understand the relationship between loyalty club program offers and other marketing mix elements (e.g., services, hospitality, facilities).

The study reveals that there is a segment (Segment IV) that can be labeled as "tourist gamers." They game more often, visit more casinos in more different states and they spend more gaming when visiting casinos. However, at least in the case of the client casino, this segment demonstrates a relatively low level of loyalty and it appears to be relatively more difficult and costly to encourage greater loyalty on their part. They appear to be motivated more by an interest to visit different casinos in different locations even if this means that they qualify for less rewards/incentives. So while they may be attractive targets in terms of the volume of their gaming, they distribute their gaming across a number of casinos and as a result their switching costs are not significant. Since the client casino desires to establish itself as a destination casino, it would benefit from additional research aimed at understanding how it can go about capturing a greater proportion of these destination casino trips.

The results confirm previous research showing perceived switching costs are relatively low in the casino industry (Long & Schiffman, 2000) in large part because a majority of customers have multiple casino loyalty program memberships. However the results indicate that there are potential revenues producing benefits to casinos if they can design loyalty program elements that simultaneously enhance attitudinal and behavioral loyalty and increase real and perceived switching costs. The results demonstrate that various components of loyalty programs do have an influence on the perceived switching cost, specifically that perceived economic value of the loyalty program does have a relatively greater influence on the perceived switching cost than other components of the loyalty program (i.e., special treatment/services, and communications). Developing strategies intended to increase the real and perceived switching cost (e.g., failing to obtain higher club status, losing out on loyalty program benefits, social bonds, etc.) of their loyalty program members at other casinos is critical. Improving social bonds (e.g., recognition, two-way communications) between casinos and loyalty program members can increase the real and perceived switching cost. The results form this study shows that social bonds were determined to be a significant predictor of perceived value. In addition, the cost of improving social bonds is less than other marketing efforts such as direct mail, discounts, promotions, etc. Moreover, improved social bonds between loyalty program members and casino staff will allow feedback and expectations to be achieved from members on a regular basis. In addition, airlines often use a variation of the scheme; an economy class airfare results in 1 point per mile or dollar spent, business class 1.5 points, and first class 2 points. Thus, if a casino redesigns their loyalty program utilizing the

above variation, it may boost the customers' perceived switching cost as well as amplify customers' motivation to visit the casino rather than other casinos.

Hallberg (2004) noted that the greatest gains in purchasing and retention are only achieved when a customer's commitment to the casino reaches the highest level. Customer satisfaction is an essential customer loyalty building block. While building customer-focused loyalty programs is important, this alone can not assure attitudinal and behavioral loyalty. Internal relationship marketing efforts (e.g., social ties with customers) and adding amenities and services that appeal to customers with multiple casino loyalty program memberships can not be overlooked since "customers may not come to the casino even if the casino has good service, but they will not come to the casino if they don't have good service." (Hashimoto, et al., 1998. p250). Many casinos offer the same features and their advertising promises such as "guaranteed satisfaction," "highest quality," and "knock-your-socks-off service" now generate little attention among customers (Bowen & Lawler, 1995). Therefore, the casino needs to differentiate themselves from other competitors through offering superior products and services as well as creating "unique" and "new" gaming experiences to casino players. Additionally, casinos need to scientifically assess customer satisfaction by utilizing appropriate assessment tools on a regular basis and provide services that meet expectations and satisfy the needs of different customers to build greater loyalty.

This study segmented loyalty program members based on numbers of casino loyalty programs to which they belong. Segmenting customers based on the number of loyalty programs to which they belong, and investigating whether customers with multiple loyalty program memberships demonstrate less attitudinal and behavioral loyalty,

provides interesting and actionable insight into potential marketing strategies. In addition, this segmentation can assist casinos allocate their finite resources to effective relationship marketing strategies in designing, targeting, and applying their loyalty programs.

Limitations and Future Research

Although this study provides theoretical and practical contributions to the field of casino marketing, there are several limitations related to this study that necessitate further investigation. The findings of this study may not be generalizable to other casinos since survey respondents were limited to the members of only one casino loyalty program and in the case of this casino the majority of survey respondents reside in the state in which the client casino is located. Thus, the results of the study may vary if the survey is conducted at other places, such as travel destinations (e.g., Las Vegas). It would be interesting to confirm the results by sampling the members of different casino loyalty clubs.

While the model fits the data reasonably well, there will always be models that can fit the data better than the final models developed as part of this study (Bollen, 1989). In addition, it is very difficult to identify and to capture all factors relevant to customer loyalty even though this study provided the extended view of a customer loyalty model. Undoubtedly, other critical antecedents, mediators, and moderators of customer loyalty may be missing from the current model, such as demographic characteristics of respondents and their gaming preferences/ characteristics. Further research might explore, develop, and examine the implications of adding other critical antecedents, mediators, and moderators of customer loyalty to the model.

The result of the exploratory factor analysis on the perceived value of the loyalty program revealed that the economic value of the loyalty program and special treatment/services were loaded on the same factor. As stated previously, it is likely that they are perceived as being inter-related. However, it is recommended that future studies experiment with alternatively worded statements intended to represent these aspects of loyalty so they can be represented in the model.

This study attempted a comprehensive examination of customer loyalty programs, but more research is necessary to distinguish loyalty programs that simply reward loyal customers compared with programs that actually produce and sustain customer loyalty. Some customers may have a tendency to demonstrate loyalty even if they receive relatively little in terms of rewards or incentives, whereas others may behave disloyally even though they receive substantial incentives/rewards and received great service (O'Brien & Jones, 1995; Reichheld, 1993). It is possible that for some segments the total rewards and incentives required to create and sustain loyalty may be so great as to be unprofitable. Therefore, further research is needed to distinguish between loyalty programs that simply reward loyal customers and those programs that actually create and build loyalty.

It would also be useful to explore in greater depth the combination and amount of rewards/incentives and types and amount of communications that affect and shape the loyalty of customers comprising different segments, the revenue implications and the return-from-investment associated with different amounts of incentives and rewards. This would require establishing control and treatment groups of player club members and

measuring the effects of different types and amounts of rewards on different types of loyalty.

It would be beneficial to loyalty programs to test the model utilizing different segmentation methods such as heavy vs. light casino gamers and local vs. non-local loyalty program members. Additional research is also needed to determine the motivations for joining and continuing membership of loyalty programs, the mix of incentives most effective at encouraging greater attitudinal and behavioral loyalty, and the return from investments that casinos make in loyalty programs.

APPENDICES

APPENDIX A

Survey Invitation

Paragon Casino Resort Customer Survey

Dear Paragon Guest:

Paragon Casino Resort is constantly looking for ways to satisfy our guests. The best way to accomplish this is by asking you about your preferences and satisfaction. By understanding your preferences and how you evaluate Paragon's facilities and services we can change for the better! We greatly appreciate you as a Paragon Guest and value your input!

I invite you to visit our survey website to give us your opinion about our service quality. The survey will take about 15 minutes to complete. **You access the survey by clicking on this link:**

http://vovici.com/l.dll/JGs72C6B6F9D7lqD9XU207261J.htm

As an incentive for your participation, your name will be entered into a drawing to win **one of three Paragon Escape Packages** , which includes two nights in a Paragon Executive Suite, a $100 Food Voucher, and $100 in Cash Perks. The drawing will take place Monday, April 21st 2008 and you need not be present to win.

You must be sure to enter your Paragon Preferred Players Club number **(numbers only, no commas or decimal points)** on the first page of the survey.

Your Players Club number is: ****

.

You may have participated in a Paragon Survey before, but that's okay. We want to know if the changes we made have been the ones you like. At Paragon we like to say, "We Know What You Like."

You can only complete the survey once with your players club number. DO NOT FORWARD THIS EMAIL to any other Paragon players because they are not eligible unless they receive an email directly from us.

If you have a problem accessing the survey, email us at rirc@msu.edu

Sincerely,

John Barbry
Vice-President of Marketing Department
Paragon Casino & Resort

APPENDIX B

Questionnaire

Paragon Casino Resort Survey

A Chance to Win a Paragon Escape Package

Thank you for your willingness to complete the following survey for Paragon Casino Resort.

As thanks for participating you will be entered into a drawing for one of three Paragon Escape Packages that include *two nights in an Executive Suite, $100 Food Voucher, and $100 in Cash Perks.*

You can only submit this survey once. Only persons who were members of Paragon Preferred Players Club on October 20, 2007 are eligible.

The survey will not take long to complete and all the information you provide is strictly confidential.

You must complete all the questions to be eligible for the drawing for the Paragon Escape Package.

It is especially important that you provide your **Paragon Preferred Players Club Card Number** so we can contact you with the result of the drawing.

---

1) Please insert your players club number.

_____

2) Have you visited any casinos during the last three months?

- O Yes
- O No

3) In what state(s), did you visit casino(s) during last the three months? (Please check all that apply)

- ❑ Arizona
- ❑ Florida
- ❑ Louisiana
- ❑ Mississippi
- ❑ New Jersey
- ❑ Nevada
- ❑ Oklahoma
- ❑ Other (please specify)

If you selected other please specify:

_____

4) Have you visited any casinos during the last 12 months?

- ○ Yes
- ○ No

5) During what month was your last visit to a casino?

- ○ July, 2007
- ○ June, 2007
- ○ May, 2007
- ○ April, 2007
- ○ March, 2007
- ○ February, 2007
- ○ January, 2007
- ○ December, 2006
- ○ November, 2006

6) You indicated that you have visited a casino in Louisiana during the last three months. Which of the following casinos in Louisiana did you visit during the last three months?

- ❑ Amelia Belle (Amelia, LA)
- ❑ Belle of Baton Rouge (Baton Rouge, LA)
- ❑ Boomtown (Bossier City, LA)
- ❑ Boomtown (New Orleans, LA)
- ❑ Coushatta (Kinder, LA)
- ❑ Cypress Bayou (Charenton, LA)
- ❑ Delta Downs (Vinton, LA)
- ❑ Diamond Jacks (Bossier City, LA)
- ❑ Eldorado (Shreveport, LA)
- ❑ Evangeline Downs (Opelousas, LA)
- ❑ Harrah's (New Orleans, LA)
- ❑ Hollywood Casino (Baton Rouge, LA)
- ❑ Horseshoe (Bossier City, LA)
- ❑ Isle of Capri (Lake Charles, LA)
- ❑ L'auberge du Lac (Lake Charles, LA)
- ❑ L.A. Downs (Bossier City, LA)
- ❑ Paragon (Marksville, LA)
- ❑ Sam's Town (Shreveport, LA)
- ❑ Treasure Chest (Kenner, LA)

7) How many visits did you make to each of the casinos in Louisiana during the last three months? <u>Please answer only for the casino(s) that you visited.</u>

Amelia Belle (Amelia, LA) _____
Belle of Baton Rouge (Baton Rouge, LA) _____
Boomtown (Bossier City, LA) _____
Boomtown (New Orleans, LA) _____
Coushatta (Kinder, LA) _____
Cypress Bayou (Charenton, LA) _____
Delta Downs (Vinton, LA) _____
Diamond Jacks (Bossier City, LA) _____
Eldorado (Shreveport, LA) _____

Evangeline Downs (Opelousas, LA) _____
Harrah's (New Orleans, LA) _____
Hollywood Casino (Baton Rouge, LA) _____
Horseshoe (Bossier City, LA) _____
Isle of Capri (Lake Charles, LA) _____
L'auberge du Lac (Lake Charles, LA) _____
L.A. Downs (Bossier City, LA) _____
Paragon (Marksville, LA) _____
Sam's Town (Shreveport, LA) _____
Treasure Chest (Kenner, LA) _____

8) You indicated that you have visited a casino in Mississippi during the last three months. Which of the following casinos in Mississippi did you visit during the last three months?

- ❑ Ameristar (Vicksburg, MS)
- ❑ Bally's Tunica (Tunica, MS)
- ❑ Beau Rivage (Biloxi, MS)
- ❑ Boomtown (Biloxi, MS)
- ❑ Fitzgeralds (Tunica, MS)
- ❑ Gold Strike (Tunica, MS)
- ❑ Grand Casino (Biloxi, MS)
- ❑ Grand Casino (Tunica, MS)
- ❑ Hard Rock Casino (Biloxi, MS)
- ❑ Hollywood (Bay St. Louis, MS)
- ❑ Hollywood Tunica (Tunica, MS)
- ❑ IP Casino (Biloxi, MS)
- ❑ Island View (Gulfport, MS)
- ❑ Isle of Capri (Biloxi, MS)
- ❑ Isle of Capri (Natchez, MS)
- ❑ Palace Casino (Biloxi, MS)
- ❑ Pearl River (Choctaw, MS)
- ❑ Silver Slipper (D'Iberville, MS)
- ❑ Treasure Bay (Biloxi, MS)

9) How many visits did you make to each of the casinos in Mississippi during the last three months? <u>Please answer only for the casino(s) that you visited.</u>

Ameristar (Vicksburg, MS) _____
Bally's Tunica (Tunica, MS) _____
Beau Rivage (Biloxi, MS) _____
Boomtown (Biloxi, MS) _____
Fitzgeralds (Tunica, MS) _____
Gold Strike (Tunica, MS) _____
Grand Casino (Biloxi, MS) _____
Grand Casino (Tunica, MS) _____
Hard Rock Casino (Biloxi, MS) _____
Hollywood (Bay St. Louis, MS) _____
Hollywood Tunica (Tunica, MS) _____
IP Casino (Biloxi, MS) _____
Island View (Gulfport, MS) _____
Isle of Capri (Biloxi, MS) _____
Isle of Capri (Natchez, MS) _____

Palace Casino (Biloxi, MS) _____
Pearl River (Choctaw, MS) _____
Silver Slipper (D'Iberville, MS) _____
Treasure Bay (Biloxi, MS) _____

10) Which one of the following casinos in Louisiana or Mississippi is currently your favorite casino?

- O Amelia Belle (Amelia, LA)
- O Belle of Baton Rouge (Baton Rouge, LA)
- O Boomtown (Bossier City, LA)
- O Boomtown (New Orleans, LA)
- O Coushatta (Kinder, LA)
- O Cypress Bayou (Charenton, LA)
- O Delta Downs (Vinton, LA)
- O Diamond Jacks (Bossier City, LA)
- O Eldorado (Shreveport, LA)
- O Evangeline Downs (Opelousas, LA)
- O Harrah's (New Orleans, LA)
- O Hollywood Casino (Baton Rouge, LA)
- O Horseshoe (Bossier City, LA)
- O Isle of Capri (Lake Charles, LA)
- O L.A. Downs (Bossier City, LA)
- O L'auberge du Lac (Lake Charles, LA)
- O Paragon (Marksville, LA)
- O Sam's Town (Shreveport, LA)
- O Treasure Chest (Kenner, LA)
- O Ameristar (Vicksburg, MS)
- O Bally's Tunica (Tunica, MS)
- O Beau Rivage (Biloxi, MS)
- O Boomtown (Biloxi, MS)
- O Fitzgeralds (Tunica, MS)
- O Gold Strike (Tunica, MS)
- O Grand Casino (Biloxi, MS)
- O Grand Casino (Tunica, MS)
- O Hard Rock Casino (Biloxi, MS)
- O Hollywood (Bay St. Louis, MS)
- O Hollywood Tunica (Tunica, MS)
- O IP Casino (Biloxi, MS)
- O Island View (Gulfport, MS)
- O Isle of Capri (Biloxi, MS)
- O Isle of Capri (Natchez, MS)
- O Palace Casino (Biloxi, MS)
- O Pearl River (Choctaw, MS)
- O Silver Slipper (D'Iberville, MS)
- O Treasure Bay (Biloxi, MS)

11) Was your favorite casino the one that you visited most often during the last three months?

- O Yes
- O No

12) What are the reasons for visiting Paragon Casino Resort? Please indicate the importance of different reasons for visiting Paragon Casino Resort.

	Very Important Reason	Important Reason	Somewhat Important Reason	Not Important Reason
Receiving invitations to special events	O	O	O	O
Has promotions/drawings that appeal to me	O	O	O	O
Players Club benefits	O	O	O	O
Wide selection of slot machines	O	O	O	O
Has my favorite types of slot machines	O	O	O	O
Has a variety of table games that appeal to me	O	O	O	O
Has my favorite types of table games	O	O	O	O
My gambling budget goes further at this casino	O	O	O	O
I get the most cash back with slot points	O	O	O	O
Win more often compared to other casinos	O	O	O	O
Restaurants provide good value	O	O	O	O
Has a variety of restaurants	O	O	O	O
Provides good, friendly service	O	O	O	O
The hotel rooms are a good value for the money	O	O	O	O
Casino hosts	O	O	O	O
Close to home	O	O	O	O
The friends/relatives I gamble with like this casino	O	O	O	O

13) You indicated that Paragon Casino Resort is not your favorite one. Please indicate the importance of different reasons for visiting your favorite casino.

	Very Important Reason	Important Reason	Somewhat Important Reason	Not Important Reason
Receiving invitations to special events	O	O	O	O
Has promotions/drawings that appeal to me	O	O	O	O
Players Club benefits	O	O	O	O
Wide selection of slot machines	O	O	O	O
Has my favorite types of slot machines	O	O	O	O
Has a variety of table games that appeal to me	O	O	O	O
Has my favorite types of table games	O	O	O	O
My gambling budget goes further at this casino	O	O	O	O
I get the most cash back with slot points	O	O	O	O
Win more often compared to other casinos	O	O	O	O
Restaurants provide good value	O	O	O	O

Has a variety of restaurants	O	O	O	O
Provides good, friendly service	O	O	O	O
The hotel rooms are a good value for the money	O	O	O	O
Casino hosts	O	O	O	O
Close to home	O	O	O	O
The friends/relatives I gamble with like this casino	O	O	O	O

14) We would like to know the reasons why you visited other casinos more often rather than your favorite one.

	Very Important	Important	Somewhat Important	Not Important
Receiving invitations to special events	O	O	O	O
Has promotions/drawings that appeal to me	O	O	O	O
Players Club benefits	O	O	O	O
Wide selection of slot machines	O	O	O	O
Has my favorite types of slot machines	O	O	O	O
Has a variety of table games that appeal to me	O	O	O	O
Has my favorite types of table games	O	O	O	O
My gambling budget goes further at this casino	O	O	O	O
I get the most cash back with slot points	O	O	O	O
Win more often compared to other casinos	O	O	O	O
Restaurants provide good value	O	O	O	O
Has a variety of restaurants	O	O	O	O
Provides good, friendly service	O	O	O	O
The hotel rooms are a good value for the money	O	O	O	O
Casino hosts	O	O	O	O
Close to home	O	O	O	O
The friends/relatives I gamble with like this casino	O	O	O	O

15) You indicated that Paragon Casino Resort is not your favorite casino. We would like to know the reasons why Paragon Casino Resort is not your favorite casino. Please check all that apply.

	Please check all that apply
Can't receive invitations to special events	❑
Doesn't have promotions/drawings that appeal to me	❑
Bad Players Club benefits	❑
Doesn't have a wide selection of slot machines	❑
Doesn't have my favorite types of slot machines	❑

Doesn't have a variety of table games that appeal to me	❑
Doesn't have my favorite types of table games	❑
My gambling budget does not go far at this casino	❑
I can not get the most cash back with slot points	❑
I do not win as often compared to other casinos	❑
Restaurants do not provide good value	❑
Doesn't have a variety of restaurants	❑
Doesn't provide good, friendly service	❑
The hotel rooms are not a good value for the money	❑
Do not like casino hosts	❑
It is not close to home	❑
The friends/relatives I gamble with do not like this casino	❑

16) Please indicate how strongly you agree with the following statements about Paragon Casino Resort.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The more I game at Paragon Casino Resort, the more rewards/comps/gifts I receive	O	O	O	O	O
I have used my points of comp balance to purchase gifts, tickets, or obtain cash back	O	O	O	O	O
I often receive rewards/comps/gifts (e.g., meal comps, hotel comps, concert tickets) because I am a member of Paragon Preferred Players Club	O	O	O	O	O
I receive special treatment (e.g., discounts, invitation to the special events, etc.) because I am a member of Paragon Preferred Players Club	O	O	O	O	O
Members of Paragon Preferred Players Club receive better service than non-members	O	O	O	O	O
Being part of the Paragon Preferred Players Club makes me want to visit Paragon Casino Resort more often	O	O	O	O	O
Compared to other casinos, I receive better value for my money at Paragon Casino Resort	O	O	O	O	O
Compared to players clubs at other casinos, Paragon Preferred Players Club offers better promotions/drawings	O	O	O	O	O
Compared to players clubs at other casinos, Paragon Preferred Players Club offers better comps/rewards/gifts	O	O	O	O	O
I win more often at Paragon Casino Resort	O	O	O	O	O
I can play longer on my gaming budget at Paragon Casino Resort	O	O	O	O	O
The cash value of Paragon Casino Resort Players Club rewards is high	O	O	O	O	O
Paragon Casino Resort Players Club offers various redemption options (e.g., gifts,	O	O	O	O	O

tickets, cash back, food, spa, etc.)					
I do not have to wait long to receive rewards from Paragon Casino Resort Players Club	O	O	O	O	O
Paragon Casino Resort Players Club offers rewards that I have wanted	O	O	O	O	O

17) Please indicate how strongly you agree with the following statements about your perception of service quality at Paragon Casino Resort.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Paragon Casino Resort has up-to-date gaming equipment (e.g., slots, kiosks, etc.)	O	O	O	O	O
Paragon Casino Resort has a wide selection of slot machines	O	O	O	O	O
Paragon Casino Resort has a variety of table games	O	O	O	O	O
Paragon Casino Resort has quality restaurants	O	O	O	O	O
Paragon Casino Resort serves quality food and beverages	O	O	O	O	O
Paragon Casino Resort offers quality accommodations	O	O	O	O	O
Paragon Casino Resort offers exciting headliner entertainment (e.g., shows, bands)	O	O	O	O	O
Paragon Casino Resort offers consistent service quality	O	O	O	O	O
Overall service quality at Paragon Casino Resort is excellent	O	O	O	O	O
Overall service quality at Paragon Casino Resort is superior	O	O	O	O	O
Overall service quality at Paragon Casino Resort is high standards	O	O	O	O	O
Paragon Casino Resort is aesthetically appealing	O	O	O	O	O
I like the way Paragon Casino Resort looks	O	O	O	O	O
Paragon Casino Resort's interior and exterior are well maintained	O	O	O	O	O
Paragon Casino Resort is clean atmosphere	O	O	O	O	O

18) Please indicate how strongly you agree with the following statements about staff at Paragon Casino Resort.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Paragon Casino Resort staff show a sincere interest in solving it when a customer has a problem	O	O	O	O	O
Paragon Casino Resort staff handle complaints of customers effectively	O	O	O	O	O
Paragon Casino Resort staff corrects problems	O	O	O	O	O

quickly					
Paragon Casino Resort staff perform the service right the first time	O	O	O	O	O
Paragon Casino Resort staff give prompt service to customers	O	O	O	O	O
Paragon Casino Resort staff are always willing to help customers	O	O	O	O	O
Paragon Casino Resort staff are never too busy to respond to customers' requests.	O	O	O	O	O
Paragon Casino Resort has knowledgeable staff	O	O	O	O	O
Paragon Casino Resort has trained/experienced staff	O	O	O	O	O
Paragon Casino Resort staff are consistently courteous with customers	O	O	O	O	O
Paragon Casino Resort staff treat me as a special and valued customer	O	O	O	O	O
Paragon Casino Resort staff understand the specific needs of their customers	O	O	O	O	O
Paragon Casino Resort staff are neat-appearing	O	O	O	O	O

19) Which one of the following Players Clubs do you belong to? Please check all that apply.

- ❑ Amelia Belle (Amelia, LA)
- ❑ Belle of Baton Rouge (Baton Rouge, LA)
- ❑ Boomtown (Bossier City, LA)
- ❑ Boomtown (New Orleans, LA)
- ❑ Coushatta (Kinder, LA)
- ❑ Cypress Bayou (Charenton, LA)
- ❑ Delta Downs (Vinton, LA)
- ❑ Diamond Jacks (Bossier City, LA)
- ❑ Eldorado (Shreveport, LA)
- ❑ Evangeline Downs (Opelousas, LA)
- ❑ Harrah's (New Orleans, LA)
- ❑ Hollywood Casino (Baton Rouge, LA)
- ❑ Horseshoe (Bossier City, LA)
- ❑ Isle of Capri (Lake Charles, LA)
- ❑ L.A. Downs (Bossier City, LA)
- ❑ L'auberge du Lac (Lake Charles, LA)
- ❑ Sam's Town (Shreveport, LA)
- ❑ Treasure Chest (Kenner, LA)
- ❑ Ameristar (Vicksburg, MS)
- ❑ Bally's Tunica (Tunica, MS)
- ❑ Beau Rivage (Biloxi, MS)
- ❑ Boomtown (Biloxi, MS)
- ❑ Fitzgeralds (Tunica, MS)
- ❑ Gold Strike (Tunica, MS)
- ❑ Grand Casino (Biloxi, MS)
- ❑ Grand Casino (Tunica, MS)
- ❑ Hard Rock Casino (Biloxi, MS)
- ❑ Hollywood (Bay St. Louis, MS)

- ❑ Hollywood Tunica (Tunica, MS)
- ❑ IP Casino (Biloxi, MS)
- ❑ Island View (Gulfport, MS)
- ❑ Isle of Capri (Biloxi, MS)
- ❑ Isle of Capri (Natchez, MS)
- ❑ Palace Casino (Biloxi, MS)
- ❑ Pearl River (Choctaw, MS)
- ❑ Silver Slipper (D'Iberville, MS)
- ❑ Treasure Bay (Biloxi, MS)

20) Which one is your favorite players club?

- O Amelia Belle (Amelia, LA)
- O Belle of Baton Rouge (Baton Rouge, LA)
- O Boomtown (Bossier City, LA)
- O Boomtown (New Orleans, LA)
- O Coushatta (Kinder, LA)
- O Cypress Bayou (Charenton, LA)
- O Delta Downs (Vinton, LA)
- O Diamond Jacks (Bossier City, LA)
- O Eldorado (Shreveport, LA)
- O Evangeline Downs (Opelousas, LA)
- O Harrah's (New Orleans, LA)
- O Hollywood Casino (Baton Rouge, LA)
- O Horseshoe (Bossier City, LA)
- O Isle of Capri (Lake Charles, LA)
- O L.A. Downs (Bossier City, LA)
- O L'auberge du Lac (Lake Charles, LA)
- O Paragon (Marksville, LA)
- O Sam's Town (Shreveport, LA)
- O Treasure Chest (Kenner, LA)
- O Ameristar (Vicksburg, MS)
- O Bally's Tunica (Tunica, MS)
- O Beau Rivage (Biloxi, MS)
- O Boomtown (Biloxi, MS)
- O Fitzgeralds (Tunica, MS)
- O Gold Strike (Tunica, MS)
- O Grand Casino (Biloxi, MS)
- O Grand Casino (Tunica, MS)
- O Hard Rock Casino (Biloxi, MS)
- O Hollywood (Bay St. Louis, MS)
- O Hollywood Tunica (Tunica, MS)
- O IP Casino (Biloxi, MS)
- O Island View (Gulfport, MS)
- O Isle of Capri (Biloxi, MS)
- O Isle of Capri (Natchez, MS)
- O Palace Casino (Biloxi, MS)
- O Pearl River (Choctaw, MS)
- O Silver Slipper (D'Iberville, MS)
- O Treasure Bay (Biloxi, MS)

21) Please rate the following benefits of Paragon Casino Resort's Players Club.

	Very Good	Good	Fair	Poor	Very Poor	N/A
Food/Restaurant comps	O	O	O	O	O	O
Room/Hotel comps	O	O	O	O	O	O
Special mail offers (e.g, coupons)	O	O	O	O	O	O
Entry tickets to promotional give-aways	O	O	O	O	O	O
Invitations to concerts or special events	O	O	O	O	O	O
Point pay (retail purchases with your slot points)	O	O	O	O	O	O
Free play (added directly to your card)	O	O	O	O	O	O
Cash back for slot points	O	O	O	O	O	O
Ease of comping process	O	O	O	O	O	O
Knowledgeable Paragon associates	O	O	O	O	O	O
Friendliness of Paragon associates	O	O	O	O	O	O
Waiting time for service	O	O	O	O	O	O
Golf comps	O	O	O	O	O	O
Multi-tiered club program	O	O	O	O	O	O

22) How often do you use your players club card when gaming at Paragon Casino Resort?

- O All the time
- O Most of the time
- O Sometimes
- O Rarely
- O Never

23) Please indicate how strongly you agree with the following statements about your experience with and image of Paragon Casino Resort.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I trust Paragon Casino Resort	O	O	O	O	O
I enjoy playing games at Paragon Casino Resort	O	O	O	O	O
I feel good when I play at Paragon Casino Resort	O	O	O	O	O
Paragon Casino Resort gives me pleasure	O	O	O	O	O
I am satisfied with Paragon Casino Resort	O	O	O	O	O
Playing games at Paragon Casino Resort is a great experience	O	O	O	O	O
Paragon Casino Resort is a fun place to visit	O	O	O	O	O
Paragon Casino Resort offers a different gaming experience than other casinos	O	O	O	O	O
Many people have a high opinion of Paragon Casino Resort	O	O	O	O	O
Paragon Casino Resort is a safe place	O	O	O	O	O
Paragon Casino Resort has a good image	O	O	O	O	O
Playing at Paragon Casino Resort gets me away from it all	O	O	O	O	O

Playing at Paragon Casino Resort makes me feel like I am in another world	O	O	O	O	O
I get so involved when I play at Paragon Casino Resort that I forget everything else	O	O	O	O	O
Paragon Casino Resort doesn't just offer gaming opportunity-it entertains me	O	O	O	O	O
I think Paragon Casino Resort is very entertaining	O	O	O	O	O
When I think of Paragon Casino Resort, I think of excellence	O	O	O	O	O
Overall and overtime, I am satisfied with Paragon Casino Resort	O	O	O	O	O
Paragon Casino Resort is honest in its business with me	O	O	O	O	O
I rely on this casino for my gaming	O	O	O	O	O

24) Please indicate how strongly you agree with the following statements about Paragon Casino Resort.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Visiting Paragon Casino more often speeds up the amount of points that I accumulate (e.g., bonus points)	O	O	O	O	O
I visit Paragon Casino more frequently (rather than other casinos) in order to concentrate my points/comp balance there	O	O	O	O	O
Because of the points I have collected and benefits of the Paragon Preferred Players Club, it is not worth it to visit other casinos	O	O	O	O	O
I will visit Paragon Casino Resort on my next gaming trip	O	O	O	O	O
I intend to continue to be a Paragon Casino Resort customer	O	O	O	O	O
I would continue to visit Paragon Casino Resort even if it were more difficult to reach	O	O	O	O	O
I will continue to visit Paragon Casino Resort even if a new casino is opened nearer to my home	O	O	O	O	O
I am committed to Paragon Casino Resort	O	O	O	O	O
I feel a sense of belonging at Paragon Casino Resort	O	O	O	O	O
Paragon Casino Resort is a casino I would recommend to friends and relatives	O	O	O	O	O
If asked, I would say good things about Paragon Casino Resort	O	O	O	O	O
It would take a lot of time and effort to switch from Paragon Casino Resort to other casinos	O	O	O	O	O
I feel uncertain if I visit a new casino	O	O	O	O	O
In general it would be a hassle visiting other casinos	O	O	O	O	O
It would be very inconvenient for me to switch to	O	O	O	O	O

other casinos					
Paragon Casino Resort keeps me informed of promotions, special events, new services, etc.	O	O	O	O	O
I receive mailings about the loyalty program on a regular basis	O	O	O	O	O
The quality of communication from Paragon Casino Resort is consistently high	O	O	O	O	O

25) Did you play any table games or slot machines at Paragon Casino Resort during the last trip?

- O Yes, I played table games
- O Yes, I played slot machines
- O Yes, I played both table games and slot machines
- O No, I did not play either table games or slot machines

26) Please indicate the importance of the following slot game-related items when deciding which casino to visit.

	Very Important	Important	Somewhat Important	Not Important
Variety (different types) of slot machines	O	O	O	O
Availability of my favorite slot machines	O	O	O	O
Time required for jackpot payouts	O	O	O	O
Number of payouts	O	O	O	O
Amount of payouts	O	O	O	O
Cleanliness of slot machines area	O	O	O	O
Gaming floor air quality	O	O	O	O
Promptness with which staff responds to slot-related questions or issues	O	O	O	O

27) Please rate your satisfaction with the slot games during your last trip to Paragon Casino Resort.

	Very Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Very Dissatisfied
Variety (different types) of slot machines	O	O	O	O	O
Availability of my favorite slot machines	O	O	O	O	O
Time required for jackpot payouts	O	O	O	O	O
Number of payouts	O	O	O	O	O
Amount of payouts	O	O	O	O	O
Cleanliness of slot machines area	O	O	O	O	O
Gaming floor air quality	O	O	O	O	O
Promptness with which staff responds to slot-related questions or issues	O	O	O	O	O
Overall satisfaction with slot games	O	O	O	O	O

28) Please indicate the importance of the following table games related-items when deciding which casino to visit.

	Very Important	Important	Somewhat Important	Not Important
Variety of table games	O	O	O	O
Availability of my favorite table games	O	O	O	O
Knowledgeable dealers	O	O	O	O
Friendliness of dealers	O	O	O	O
Cleanliness of table game area	O	O	O	O

29) Please rate your satisfaction with the table games during your last trip to Paragon Casino Resort.

	Very Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Very Dissatisfied
Variety of table games	O	O	O	O	O
Availability of my favorite table games	O	O	O	O	O
Knowledgeable dealers	O	O	O	O	O
Friendliness of dealers	O	O	O	O	O
Cleanliness of table game area	O	O	O	O	O
Overall satisfaction with table games	O	O	O	O	O

30) Did you stay at Paragon Casino Resort Hotel during your last trip?

O Yes
O No

31) Which tower did you stay in during your last trip?

O North & South Tower
O Atrium Tower (New)
O Do not remember

32) Please indicate the importance of the following hotel-related items when deciding which casino to visit.

	Very Important	Important	Somewhat Important	Not Important
Speed of reservation process	O	O	O	O
Price/Value of hotel room	O	O	O	O
Friendliness of hotel staff	O	O	O	O
Speed of check-in / out	O	O	O	O
Hotel valet service	O	O	O	O

Room cleanliness	O	O	O	O
Room amenities (e.g., bed, furniture, bathroom)	O	O	O	O
Ease of access to gaming floor	O	O	O	O
Room security (e.g., locks)	O	O	O	O

33) Please rate your satisfaction with hotel during your last trip to Paragon Casino Resort.

	Very Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Very Dissatisfied
Speed of reservation process	O	O	O	O	O
Price/Value of hotel room	O	O	O	O	O
Friendliness of hotel staff	O	O	O	O	O
Speed of check-in / out	O	O	O	O	O
Hotel valet service	O	O	O	O	O
Room cleanliness	O	O	O	O	O
Room amenities (e.g., bed, furniture, bathroom)	O	O	O	O	O
Ease of access to gaming floor	O	O	O	O	O
Room security (e.g., locks)	O	O	O	O	O
Overall quality of accommodation	O	O	O	O	O
Overall satisfaction with accommodations	O	O	O	O	O

34) Did you eat at any restaurants at Paragon Casino Resort during your last trip?

O Yes
O No

35) Please indicate the importance of the following restaurant-related items when deciding which casino to visit.

	Very Important	Important	Somewhat Important	Not Important
Food quality	O	O	O	O
Menu variety	O	O	O	O
Portion size	O	O	O	O
Food presentation	O	O	O	O
Cleanliness	O	O	O	O
Atmosphere	O	O	O	O
Friendliness of staff	O	O	O	O
Friendliness of host/cashier	O	O	O	O
Speed of service	O	O	O	O
Waiting time for seating	O	O	O	O
Value for the price paid	O	O	O	O

36) Which one of the following restaurants did you dine in during your last trip to Paragon Casino Resort?

- ❑ Legends Restaurant
- ❑ Roxy's Dinner
- ❑ Big Daddy E's Cajun Grill & Oyster Bar
- ❑ Snack Bar
- ❑ Market Place Buffet

37) Please rate your satisfaction with the restaurants that you visited during your last trip to Paragon Casino Resort.

	Very Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Very Dissatisfied
Food quality	O	O	O	O	O
Menu variety	O	O	O	O	O
Portion size	O	O	O	O	O
Food presentation	O	O	O	O	O
Cleanliness	O	O	O	O	O
Atmosphere	O	O	O	O	O
Friendliness of staff	O	O	O	O	O
Friendliness of host/cashier	O	O	O	O	O
Speed of service	O	O	O	O	O
Waiting time for seating	O	O	O	O	O
Value/price for the price paid	O	O	O	O	O
Overall satisfaction with dining experience	O	O	O	O	O

38) Please indicate the importance of the following casino amenities and services-related items when deciding which casino to visit.

	Very Important	Important	Somewhat Important	Not Important
Cashier station	O	O	O	O
Self service redemption kiosks	O	O	O	O
VIP room	O	O	O	O
Valet parking	O	O	O	O
Golf course	O	O	O	O
RV/Campground	O	O	O	O
Entertainment events (e.g., concert)	O	O	O	O
Nightclubs	O	O	O	O
Gift shop	O	O	O	O

39) Please indicate whether you used the following amenities/services during your last trip to Paragon Casino Resort, and rate your satisfaction with the amenities/services that you used.

	Services/Amenities that you used during your last trip to Paragon Casino Resort	Rate your satisfaction with the following amenities/services at Paragon Casino Resort				
	Check all that apply	Very Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Very Dissatisfied
Cashier station	❑	O	O	O	O	O
Self service redemption kiosks	❑	O	O	O	O	O
VIP room	❑	O	O	O	O	O
Valet parking	❑	O	O	O	O	O
Golf course	❑	O	O	O	O	O
RV/Campground	❑	O	O	O	O	O
Entertainment events (e.g., concert)	❑	O	O	O	O	O
Nightclubs	❑	O	O	O	O	O
Gift shop	❑	O	O	O	O	O

40) Have you taken an overnight trip to a casino during the last 12 months?

O Yes
O No

41) While on an overnight trip to any casino during the last 12 months, have you ever stayed overnight in a hotel that is owned/operated by the casinos that you visited?

O Yes
O No

42) How many different casino hotels have you stayed in overnight during the last 12 months?

_____

43) Have you stayed overnight in a casino hotel located in Mississippi or Louisiana during the last 12 months?

O Yes
O No

44) What nights have you stayed at casino hotels located in Mississippi or Louisiana during the last 12 months?

- ❍ Weekend (Friday and Saturday) nights only
- ❍ Weekday (Sunday, Monday, Tuesday, Wednesday, Thursday) nights only
- ❍ Weekend and Weekday nights

45) Which casino hotels located in Mississippi or Louisiana have you stayed in during the last 12 months?

	Please check all that apply
Amelia Belle (Amelia, LA)	❑
Belle of Baton Rouge (Baton Rouge, LA)	❑
Boomtown (Bossier City, LA)	❑
Boomtown (New Orleans, LA)	❑
Coushatta (Kinder, LA)	❑
Cypress Bayou (Charenton, LA)	❑
Delta Downs (Vinton, LA)	❑
Diamond Jacks (Bossier City, LA)	❑
Eldorado (Shreveport, LA)	❑
Evangeline Downs (Opelousas, LA)	❑
Harrah's (New Orleans, LA)	❑
Hollywood Casino (Baton Rouge, LA)	❑
Horseshoe (Bossier City, LA)	❑
Isle of Capri (Lake Charles, LA)	❑
L.A. Downs (Bossier City, LA)	❑
L'auberge du Lac (Lake Charles, LA)	❑
Paragon (Marksville, LA)	❑
Sam's Town (Shreveport, LA)	❑
Treasure Chest (Kenner, LA)	❑
Ameristar (Vicksburg, MS)	❑
Bally's Tunica (Tunica, MS)	❑
Beau Rivage (Biloxi, MS)	❑
Boomtown (Biloxi, MS)	❑
Fitzgeralds (Tunica, MS)	❑
Gold Strike (Tunica, MS)	❑
Grand Casino (Biloxi, MS)	❑
Grand Casino (Tunica, MS)	❑
Hard Rock Casino (Biloxi, MS)	❑
Hollywood (Bay St. Louis, MS)	❑
Hollywood Tunica (Tunica, MS)	❑
IP Casino (Biloxi, MS)	❑
Island View (Gulfport, MS)	❑
Isle of Capri (Biloxi, MS)	❑
Isle of Capri (Natchez, MS)	❑
Palace Casino (Biloxi, MS)	❑
Pearl River (Choctaw, MS)	❑
Silver Slipper (D'Iberville, MS)	❑
Treasure Bay (Biloxi, MS)	❑

46) When staying overnight at a hotel that is owned/operated by the casino that you visit, do you prefer to stay weekday or weekend nights?

- O Weekend (Friday and Saturday) nights only
- O Weekday (Sunday, Monday, Tuesday, Wednesday, Thursday) nights only
- O Weekend and Weekday nights

47) Given your work schedule and other commitments (e.g., childcare), are you able to take overnight trips to casinos on weekday nights (Sunday, Monday, Tuesday, Wednesday, or Thursday)?

- O Yes
- O No

48) What determines which day(s) of the week you take overnight trips to casinos? Please check all that apply.

- ❑ Work schedule
- ❑ Other commitments
- ❑ Room rates
- ❑ Comps and special offers
- ❑ Entertainment and special events
- ❑ Ability to obtain a room
- ❑ Schedule of other people in trip party (i.e. friends, spouse, partner)
- ❑ When it is less crowded
- ❑ Other (please specify)

If you selected other please specify:

_____

49) During the last 12 months, have you stayed overnight at the hotel that is owned/operated by Paragon Casino and Resort?

- O Yes
- O No

50) Why have you not stayed overnight in the hotel owned/operated by Paragon Casino and Resort during the last 12 months? Please check all that apply.

- ❑ I have tried but can never get a room when I want to stay
- ❑ Live nearby and don't need to stay overnight in the hotel
- ❑ Too expensive
- ❑ Rather spend my money on other things on the trip (e.g., food, gaming, drinks)
- ❑ Never receive room offers at Paragon
- ❑ Don't like their hotel
- ❑ Had a bad experience while staying in their hotel
- ❑ Other (please specify)

If you selected other please specify:

_____

51) During the last 12 months, how many different overnight trips have you stayed in the hotel that is owned/operated by Paragon? We are asking about the number of trips, not the number of nights

_____

52) During the last 12 months, how many different nights have you stayed overnight at the Paragon Casino and Resort hotel?

_____

53) What nights have you stayed at the hotel at Paragon Casino and Resort during the last 12 months?

- ○ Weekend (Friday and Saturday) nights only
- ○ Weekday (Sunday, Monday, Tuesday, Wednesday, Thursday) nights only
- ○ Weekend and Weekday nights

54) Why have you not stayed in the hotel owned/operated by Paragon on weekday nights during the last 12 months?

- ☐ I have tried but can never get a room when I want to stay
- ☐ Live nearby and don't need to stay overnight in the hotel
- ☐ Too expensive
- ☐ Rather spend my money on other things on the trip (e.g., food, gaming, drinks)
- ☐ Never receive room offers at Paragon Casino Resort
- ☐ Don't like their hotel
- ☐ Had a bad experience while staying in their hotel
- ☐ Cannot stay during the week due to other commitments
- ☐ Other (please specify)

If you selected other please specify:

_____

55) Would you ever consider staying at Paragon Casino hotel on a weekday night?

- ○ Yes
- ○ No

56) We are interested in identifying the different types of direct mail offers (if any) that would encourage you to take an overnight trip to Paragon Casino Resort during the weekdays. Please select which offer would entice you to make an overnight trip to Paragon during weekdays.

- ○ Cash Offer
- ○ Free Play Offer
- ○ Free room Offer
- ○ Multi-Night Room Offer
- ○ Discounted Price Room Offer
- ○ Food Offer
- ○ Points Offer
- ○ No Offers
- ○ Other (please specify)

If you selected other please specify:

_____

57) What is the maximum number of nights you would be willing to stay during weekdays (Sunday to Thursday) at Paragon Casino Resort Hotel?

- O One night
- O Two nights
- O Three nights
- O Four nights
- O Five nights

58) What would be your preferred day to start a weekday overnight stay at Paragon Casino Resort Hotel?

- O Sunday
- O Monday
- O Tuesday
- O Wednesday
- O Thursday

59) During the last 12 months, has there ever been an occasion when you tried but were not able to reserve a room at Paragon Casino Resort Hotel?

- O Yes
- O No

60) How many times were you unable to make a reservation for a room at Paragon during the last 12 months?

_____

61) For what nights were you unable to reserve/book a room at Paragon Casino hotel?

- O Weekend (Friday and Saturday) nights only
- O Weekday (Sunday, Monday, Tuesday, Wednesday, Thursday) nights only
- O Both weekend and weekday nights

62) Did you hear, see, or read any advertisements from Paragon Casino Resort during the month of October?

- O No
- O Yes

63) Please indicate how often you saw, heard, or read advertisements from Paragon Casino Resort during the month of October. Please answer for each of the four types of advertising.

	Always	Often	Sometimes	Rarely	Never
Television Ads	O	O	O	O	O
Newspaper Ads	O	O	O	O	O
Radio Ads	O	O	O	O	O
Billboards	O	O	O	O	O

64) Did you recall seeing more, less, or about the same amount of Paragon Casino Resort advertising in October than you normally see, hear or read?

- O Much more
- O More
- O About the same amount
- O Less
- O Much Less

65) Did any of the advertisements that you saw, heard, or read change your previous perception/image of Paragon Casino Resort?

- O No
- O Yes

66) How did it change your image or perception? Please check all that apply.

- ❑ There is a great deal new about Paragon Casino Resort
- ❑ The facilities at Paragon Casino Resort are more modern
- ❑ Paragon Casino Resort is now more luxurious
- ❑ Paragon Casino Resort has improved its service
- ❑ Paragon Casino Resort has added more gaming opportunities
- ❑ Paragon Casino Resort is a top gaming destination in Louisiana
- ❑ Other (please specify)

If you selected other please specify:

_____

67) Did you learn anything new about Paragon Casino Resort from any of the advertisements you saw, heard, or read in October?

- O No
- O Yes

68) What new things did you learn about at Paragon Casino Resort from the advertisements you saw, heard, or read in October?

_____

_____

_____

69) Based on the advertising that you saw, read, or heard in October, please indicate whether you agree or disagree with the following statements.

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
Paragon Casino Resort is "the Pearl of Louisiana"	O	O	O	O	O
Paragon Casino Resort now offers a higher quality gaming experience	O	O	O	O	O
Paragon Casino Resort has the most exciting gaming environment in Louisiana and Mississippi	O	O	O	O	O
Paragon Casino Resort now has higher-quality amenities and services	O	O	O	O	O
Paragon Casino Resort provides its customers a real escape	O	O	O	O	O

70) Did any of the advertisements that you saw, read, or heard in October influence your decision to visit Paragon Casino Resort in any manner?

O No
O Yes

71) How did the advertising that you saw, heard, or read influence your decision to visit Paragon Casino Resort? Please check all that apply.

❑ Visited Paragon Casino Resort again after not visiting for a long time
❑ Made additional trips that I would otherwise not have made to Paragon Casino Resort
❑ Made fewer trips to other casinos in order to visit Paragon Casino Resort more often
❑ Made an overnight trip to Paragon Casino Resort that I otherwise would not have made
❑ Attended an event or concert at Paragon Casino Resort that I otherwise would not have attended
❑ Other (please specify)

If you selected other please specify:

_____

72) Did you receive any mail offers from Paragon Casino Resort in October?

O No
O Yes

73) Did you receive more, less or about the same amount of direct mail offers in October than you normally receive?

O Much less
O Less
O About the same

O More
O Much more

74) Did any of these mail offers in October influence your decision to visit Paragon Casino Resort in any manner?

O No
O Yes

75) How did these mail offers influence your decision to visit Paragon Casino Resort? Please check all that apply.

❑ Visited Paragon Casino Resort again after not visiting for a long time
❑ Made additional trips that I would otherwise not have made to Paragon Casino Resort
❑ Made fewer trips to other casinos in order to visit Paragon Casino Resort more often
❑ Made an overnight trip to Paragon Casino Resort that I otherwise would not have made
❑ Attended an event or concert at Paragon Casino Resort that I otherwise would not have attended
❑ Other (please specify)

If you selected other please specify:

_____

76) Did you learn anything new about Paragon Casino Resort as a result of any of the mailings that you received in October?

O No
O Yes

77) What new things did you learn about the at Paragon Casino Resort from the mailings you received in October?

_____
_____
_____

78) Which do you consider more reliable in terms of the information provided and claims that are made?

O Paragon Casino Resort Advertisements (e.g., TV, radio, newspapers)
O Paragon Casino Resort Mail Offers
O Both advertising and direct mail are equally reliable
O Neither advertising nor direct mail are reliable

79) Which has the most influence on your decisions to make a trip to Paragon Casino Resort?

O Paragon Casino Resort Advertisement (e.g., TV, radio, newspapers)
O Paragon Casino Resort Mail Offers
O Both advertisement and direct mail have an equal influence
O Neither advertisement nor direct mail have any influence

80) Are you aware of the new amenities now available at Paragon Casino Resort?

- ○ No
- ○ Yes

81) What new amenities does Paragon Casino Resort now offer? Please check all that apply.

- ❑ New atrium
- ❑ New bar
- ❑ New restaurant options
- ❑ Pool and water-park
- ❑ Spa
- ❑ Movie theater
- ❑ New rooms and suites
- ❑ New stage for concerts and events
- ❑ Other (please specify)

If you selected other please specify:

_____

82) How did you become aware of the new amenities at Paragon Casino Resort?

- ○ Advertisements
- ○ Direct Mail
- ○ Visiting Paragon Casino Resort
- ○ Grand opening event
- ○ Word of mouth (Friends/relatives)
- ○ Other (please specify)

If you selected other please specify:

_____

83) On average, how long do you stay in Paragon Casino Resort each time you visit?

- ○ Less than 3 hours
- ○ 3- 6 hours
- ○ 6-9 hours
- ○ 9-12 hours
- ○ One day
- ○ Two days
- ○ Three days
- ○ More than three days

84) You visit Paragon Casino and Resort primarily:

- ○ To win
- ○ For pleasure/entertainment
- ○ Both to win and for pleasure/entertainment

85) What is your average gaming budget per visit?

- ❍ Less than $25
- ❍ $25 to $50
- ❍ $51 to $100
- ❍ $101 - $200
- ❍ $201 - $500
- ❍ $501 to $1000
- ❍ Over $1,000

86) Are you male or female?

- ❍ Male
- ❍ Female

87) How old are you?

_____

88) How many persons in your household are over 21 years old?

_____

89) Do you consider yourself to be more of a table games player (e.g., blackjack, craps, roulette, poker), or do you consider yourself to be more of a slots player?

- ❍ More of a table games player
- ❍ More of a slots player
- ❍ Both a table games player and slots player
- ❍ Neither, I visit Paragon Casino Resort for other reasons

90) How would you describe your current family status?

- ❍ Single without children
- ❍ Single with children living at home
- ❍ Single with children no longer living at home
- ❍ Married/Partnered without children
- ❍ Married/Partnered with children living at home
- ❍ Married/Partnered with children no longer living at home
- ❍ Other (please specify)

If you selected other please specify:

_____

91) What is the highest level of formal education you have achieved?

- ❍ Less than high school
- ❍ Completed some high school
- ❍ Completed high school or GED
- ❍ Some college
- ❍ 2-year college degree

- O 4-year college degree
- O Completed some graduate courses
- O Master's degree (MA, MS, MBA, MFA, MPA, etc.)
- O Doctoral degree (PhD, EdD, DVM, MD, JD, DO, DD, etc.)

92) What is your current employment status? Please check all that apply.

- ☐ Employed full time outside the home
- ☐ Employed part time outside the home
- ☐ Self-employed working outside my home
- ☐ Self-employed working from/in my home
- ☐ Homemaker (care for family and/or house)
- ☐ Unemployed
- ☐ Retired
- ☐ Student
- ☐ Other (please specify)

If you selected other please specify:

_____

93) Which racial type best describes you?

- O African American
- O Asian or Pacific Islander
- O Caucasian or White
- O Hispanic
- O Mixed
- O Native American or Aleutian Eskimo

94) What was your 2006 gross annual household income from all sources (including wages, salaries, retirement, and alimony)?

- O Less than $25,000
- O $25,000 - $29,999
- O $30,000 - $39,999
- O $40,000 - $49,999
- O $50,000 - $59,999
- O $60,000 - $74,999
- O $75,000 - $99,999
- O $100,000 - $124,999
- O $125,000 - $149,999
- O $150,000 - $174,999
- O $175,000 - $199,999
- O $200,000 or more

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