

## Is Your Casino Tracking for Success?

By Martin R. Baird

If I made a prognostication, I would bet that your casino tracks the following areas of its business at some level: customer satisfaction, guest spending, customer demographics, guest loyalty and, of course, employee satisfaction.

You probably have your marketing department's research people do this or perhaps you use outside consultants and set it up so you receive monthly reports. My guess is that you use scientific procedures and select a statistically significant and random sample for your studies.

That's all wonderful! But I have a very serious question. Can you validate that any of this information has even the slightest correlation to your casino's future growth and success?

I'm not talking about anecdotal evidence. So we are all on the same page, I'll give you my definition of anecdotal - unreliable evidence based on personal experience that has not been empirically tested and which is often used in an argument as if it had been proved scientifically or statistically. Think about when you and your colleagues sit around the conference room and talk about how X is causing Y to happen. I call these "mother-in-law" studies. It means that you asked your mother-in-law what she thought and you knew she would always tell you the truth.

I'll narrow my serious question down a little. Have you statistically proved that improved customer satisfaction leads to future growth for your casino? Don't scoff because I think this question is more critical than you could possibly imagine.

I read a recent article in Harvard Business Review that quoted research by Bain & Company. The research tracked the ACSI (American Customer Satisfaction Index) produced by the University of Michigan to see if it had any correlation to companies' future growth. The conclusion in this article was beyond stunning. It was mind blowing! The article said there is a correlation coefficient of 0 between the ACSI and a company's future growth. Scientifically, the ACSI has no correlation at all!

Sure, perhaps the authors of the article just made up the information. Maybe they sat around a conference room table and said, "Let's tell people the ACSI has no correlation to success." I don't think so.

I hope I have grabbed your attention to the point where you are willing to look at this on a deeper level. I think the challenge is the concept of satisfaction. The idea of satisfaction is rather abstract and very subjective. A perfect example is my wife and me. We own a Saturn VUE. She is extremely satisfied. I would be in the dissatisfied group. Does that make one of us right and one wrong? Could Saturn use that data to grow its business? Is the information too subjective?

Here is an interesting statistic. Eighty-nine percent of people who owned cars from a certain manufacturer said they were very satisfied. This is wonderful news for the car company, right? Not so fast. Less than 20 percent of those people purchased their next car from that same manufacturer. How can this be? If they were very satisfied, why would they switch?

Here's a more important question: why is this auto manufacturer even tracking satisfaction at all? Why invest money and time in monthly guest and employee satisfaction surveys? Believe me, your employees are just as fickle as the auto buyers. If you asked your employees if they

were satisfied the day they were given EO, their answer would be "very satisfied." The next day, if they didn't get to EO, they would be "dissatisfied." So what are they?

Your customers are just as fickle. Are they actually satisfied? Are they actually loyal?

When it comes to satisfaction, the reason people are hard to pin down is because they have nothing to lose or gain. They have no risk in the equation. Think for a moment about the person playing a blackjack computer game at home. They're betting \$10,000 per hand of make-believe money. They always wonder why they win millions at home and never a dime at the casino. The answer is that they don't have any risk on the computer, so they bet and behave differently. When there's real money at stake, they could lose and that means risk, so they bet differently.

If your casino is tracking satisfaction, can the resulting statistics be used to predict the future success of your casino? I'm telling you that they can't.

It's time for casinos to ask employees and customers questions that can be tracked and tied to future growth. Other industries are doing it. Some of the computer companies realized in the last two years that satisfaction surveys were a waste and moved on. They have discovered something that works better.

It's time for casinos to look at what other industries are doing as opposed to looking back at what they have always done. Casinos can learn from the past but what they really need to learn is that there is a better, more accurate way to predict their future growth. This is being done, but not in the gaming industry.

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