

# Going Beyond Stellar Service in Uncertain Times

By Martin R. Baird

As I was writing this column late last year, the United States was grappling with a number of economic challenges, and I had no reason to believe things would improve soon. Challenge is a nice way of saying the U.S. has problems, and I wonder what they mean for American casinos.

I'll list the woes. We have a mortgage crisis in which people can't buy or sell houses and that, coupled with runaway foreclosures, drives home prices down quickly. People are losing equity in what is supposed to be their biggest investment. U.S. gasoline prices are beyond ridiculous for what Americans are historically accustomed to paying. I know \$3.50 a gallon would be a bargain in Europe, but it takes its toll on American drivers. Food prices are climbing. Generally, there's a pall of uncertainty hanging over the U.S. economy.

So is good or improved casino guest service enough to overcome these hurdles and keep the table games and slots busy? Will stellar service be enough to defuse Americans' gnawing economic worries and keep your parking lots full? In a word, no. Casinos must do more.

First, I'll build a case for why more is needed and then I'll make some suggestions.

I've read the research that says gaming is countercyclical, that when the economy goes down, the amount of gaming play goes up. The problem I have with this concept is that the gaming world has changed dramatically in the last 10 years. I don't think countercyclical necessarily applies anymore. It would be foolish for casinos to count on it.

Ten years ago, the majority of gaming was in Las Vegas, Reno and Atlantic City. The world flocked to those markets to play. Thus, if the U.S. economy was struggling and other countries' economies were strong, overseas players perceived America's problem as their opportunity. They read the weak U.S. economy as a signal to come and play to their heart's content.

But in today's gaming environment, there are casinos in just about every country on the planet. No matter where you live, the games with the latest bells and whistles will soon be at a casino near you, if they aren't there already. Why fly halfway around the world to the U.S. when you can hop in your car in Paris and drive half an hour to a nice casino?

Countercyclical doesn't even apply anymore to American players. In previous economic downturns, Americans took their cash reserves to places like Las Vegas with hopes of winning big so they could pay their bills. With gaming's amazing expansion, why would anyone in Detroit go to the expense of traveling to Vegas when they can drop by a local casino with the same hopes and dreams? Las Vegas, Reno and Atlantic City shouldn't expect countercyclical play on the home front. On top of that, staying and playing in Detroit is not new money for Michigan properties. Locals are already spending their dollars at those casinos and, with the way the economy is going, they just might spend less.

OK, enough said. If countercyclical is now a fond memory, what can casinos do to keep their performance strong in a weakening American economy? What should they avoid?

One step all casinos should take is a serious inventory of what they do well. What do you do best that contributes to your success and how can you make sure you continue to do those things at the highest possible level? You may need to peer into the past. During times of rapid growth and great success, it's easy to drift away from those things you do well. What was it that got you where you are today? Did you lose your focus in flush times and simply forget about it? Perhaps senior management ordered a deliberate strategic shift that shoved those initial drivers of success aside. This happens when people think they are smarter than the economy or local market. If improvements are needed to ensure you continue to roll out those best business practices, then so be it!

The next step is simple but not easy. You must move from a guest service focus to an emphasis on the gaming experience. This is not for all casinos. I still visit properties that need to work on their service because they have none. They're clueless about the most basic elements of service, such as smiling and eye contact. But most casinos have the basics well under control. The next step is to develop your employees so they move to the level of creating a wonderful guest experience. Customer service is a fundamental part of what I'm suggesting and when you step it up a notch to mold an experience, you move the guest to an even higher level. Most guests will not tell their friends about service, unless it's horrible. But they will tell them about their amazing gaming experience.

Of course, you have a business to run in the midst of all this. So the third and final step is making intelligent business decisions during tough economic times while developing your people so they understand the importance of creating an amazing quest experience. It all has to make cents as well as sense.

One course of action I certainly don't recommend is cutting back on spending. I know the numbers people like to stash the checkbook in a secret vault during tough times. The problem is I have never seen a company cut its way to growth. Granted, I'm not an accountant, but when you cut budgets, you tend to slow or stop growth. Sure, cuts are sometimes needed. If cash flow doesn't support the current business, something must give. But that is not a strategy for growth. That is a short-term solution for survival, and casinos are not struggling to stay alive.

With the years I have in and around the gaming industry, it's obvious to me that it's easier to generate an additional dollar in revenue than it is to cut that same dollar. Give your guests a wonderful casino, outstanding service and tons of fun and they will be more than willing to reward you with additional revenue. Notice I said reward. You have no god-given right to your guests' money. The money they spend at your property is a reward for doing things better than your competitors.

Gaming has changed dramatically since the last economic downturn. Casinos must understand that they can't rely on past player behavior and the same old level of service. They must do more this time around.

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