

CEO face time needed to improve customer experience

In my visits to casino properties in Macau, Philippines, and Singapore, I find that top executives are ensconced out of the public eye, their offices sometimes located in the basement or in a building away from the casino premises.

Consequently, they have little contact with their customers. Sure, they may make an appearance at one or two functions a year and subject the audience to platitudes about how important customers are and how grateful the company is to have these valued customers; these remarks are just, you guessed it, platitudes.

When direct, regular, face-to-face contact with customers is missing, the CEO makes vital decisions impacting customers on the basis of second- or third-hand information. These decisions have a far-reaching impact on the survival and growth of the casino property and may cost millions by way of implementation and impact. Decisions such as setting up a customer management system (CMS), implementing customer relationship management, introducing a new customer loyalty program, and designing the customer journey are just a few examples.

Customer aversion among CEOs and other top executives is not unique to the gaming industry. In the July-August 2018 issue of Harvard Business Review, Professors Michael Porter and Nitin Nohria report that the average CEO spends only 3 percent of his or her time with customers. That equates to under two hours a week. While we have no specific comparable data from within the gaming industry, I'd venture to say that gaming CEOs typically spend far less than two hours a week on customer interactions.

I find that CEOs would rather spend time with investors and financial analysts, trying to shore up the stock price. Porter and Nohria warn against

cozying up to investors, arguing that too much time with investors can detract CEOs from the business at hand. They write, “Too many meetings with investors can easily become a time sink and can draw the CEO into trying to manage the stock price rather than focusing on business fundamentals. Staying in touch with a few key buy-side investors, doing quarterly calls, and holding an annual investor day may be all a CEO needs to do...”

The CEO’s face-to-face dealings with customers sends a strong signal to the rest of the workforce about customer primacy within the organization. CEO’s actions set the tone for corporate culture and the level of customer-centricity within the culture. When CEOs are seen spending their most scarce resource—time—to be with customers, they are, through their actions, inspiring employees to do whatever it takes to delight customers.

To underscore the importance of customer delight across the organization, some companies require that a percentage of everyone’s bonus be tied to customer retention numbers and to the Net Promoter Score (NPS).

Unlike fast moving consumer goods businesses, where the number of end customers worldwide are scattered all over the globe and can run into billions, the gaming industry is compact. Customers transact with us in our storefront, providing us with real time information on their spending amounts and a window into their behaviors. By avoiding customer contact, CEOs are depriving themselves of vital first-hand access to the Voice of Customer (VoC).

With rising competition from jurisdictions such as Japan and Vietnam, revenue growth in markets such as Macau and Singapore will likely decelerate. Establishing a strong customer franchise, regardless of jurisdiction, will increasingly depend on not how fast operators can build their properties or expand the facilities, but on how well operators understand the mindset and motivations of their valued customers.

Many gaming organizations strive to enhance customer retention through elaborate loyalty programs costing millions of dollars. However, most loyalty

programs suffer from fundamental inadequacies. For instance, the measure of customer-spend employed by most loyalty programs is not forward looking.

Customers are rewarded for their actions committed today or in the recent past. Such approaches rarely consider the future potential of the customer. Research indicates that customers who have performed well in the past need not perform similarly in the future. Customer burnouts and defaults on extended credit are far too common in our industry. The basis of customer retention is not the loyalty card, but the customer experience. As one seasoned executive put it. Customer experience is the cake. Loyalty programs are nothing more than the icing on the cake. Without the cake, the icing serves no purpose.

CEOs and other top executives need to spend at least a couple of hours each day walking the gaming floor, interacting with their customers and frontline employees. It is only by observing customers and interacting with them that executives will develop a gut-level understanding of the customer journey.

Direct customer understanding is the reason that Amazon's CEO Jeff Bezos has every new employee across all levels of the organization attend two days of call-center training. This induction ensures that everyone in the company is committed to listening and acting upon the needs of their customers – not just frontline customer service employees.

True understanding of customer motivations and expectations can only emerge through direct contact with customers, supplemented by rich qualitative research.

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