

Casino Mystery Shopping

By Steve Karoul

Mystery Shopping has been around for many years. It is not a new concept. It is particularly prevalent in the retail and hospitality industries. However, it is a relatively new concept for the casino industry. I am now involved with a fair amount of casino consulting as well as lectures at various casino conferences. I often stress to casino executives and casino managers that there are three important factors involved with success in the modern casino industry. Years ago, I used to always use Conrad Hilton's often coined expression that there were three factors involved with success in the hotel industry and those three factors were #1) location, #2) location and #3) location.

Location is obviously a very important factor but in today's dynamic casino industry I believe that three of the more important factors today are #1) communicate, #2) celebrate and #3) validate. You can never over communicate in the casino industry especially with your staff. Most staff are hard working, loyal and dedicated. They want to be involved so I always recommend that casino operators communicate to the legal maximum allowed by law. Casino operators that communicate well with their staff will reap the benefits and the rewards. Involvement from happy motivated staff is a critical success factor that will payoff handsomely for both large and small casino operators around the world. Neither location nor size matters when it comes to communicating well with your staff. Improving upon this one factor alone can make a huge difference in your operation.

The second success factor that I mentioned is celebrate. Celebrate both with your customers and with your employees. Look for reasons to celebrate. People want to have fun. People come to casinos to have fun. Celebration is a critical element of having fun. Unfortunately it is an area that often gets overlooked or the almighty budget over-rules and the celebrations never take place with the casino staff. What a missed opportunity. I often advise casino operators to develop a new line item in their budgets called "Celebrations" and to budget an amount of money each year that you can keep in reserve to use for those "unexpected" opportunities that will always arise when you least expect them that you can celebrate. Both your customers and your staff will appreciate it.

The last success factor that I mentioned is validate. It is absolutely critical that you validate as many different aspects of your operation as possible. It is important because you need to really truly

understand what your customers actually see and experience when they walk through the doors of your hotel or casino. You might be shocked. Sometimes what you see and experience as a casino manager or casino executive may be something totally different from what your guests or customers actually experience on a daily basis.

I am in and out of many different casinos now as a casino marketing consultant and I can tell you that you would not believe some of the horror stories that I could share about various situations or problems that I have personally witnessed and experienced in some very nice casino hotel operations. Therefore, I have come to the conclusion that it is extremely difficult to validate your own operation. You may ask the question of "Why?"

I think the main reason is that your staff knows you and or your executives and managers. Obviously they will put on their best performance when they know that they are being observed by one of the bosses. However, you also have to ask yourself how they perform when you are not observing them. Henceforth, casino mystery shopping evolved. My friend Tom Mills is a licensed private detective. He started a mystery shopping company many years ago specializing in the retail industry but originally for loss prevention and theft control. His clients include many of the top retail accounts in the country. He gradually shifted his focus to also include customer service monitoring and expanded into the hospitality industry. I helped him further expand into the casino industry because of the need that I saw within the casino industry.

Mystery shopping is not just for the giants of industry. Tom's company currently conducts over 5,000 mystery shopping assignments a month. Many of them are in restaurants, coffee shops, hotels, car dealerships, etc. in addition to various casino operations across the country. Mystery Shopping applies to every company that cares about the level of service that their customers receive. They recognize that excellent customer service translates into satisfied customers which further translates into repeat visits (loyalty) and positive word of mouth recommendations (advocates). Another consultant friend named Marty Baird promotes the Advocate Development System in lieu of customer satisfaction surveys because it works. Many of the major Fortune 500 corporations today have or are in the process of switching to the Advocate scoring method to monitor their businesses and getting away from customer satisfaction surveys. Many progressive thinking casinos have also begun to make this transition as well incorporating such new ideas and concepts as

Mystery Shopping and an Advocate evaluation process to help improve their customer service.

Mystery Shopping is also an important process that works and should be utilized more than ever in our highly competitive casino industry. It works because it is extremely difficult to validate your own operation for a variety of different reasons. The most obvious reason being that your staff knows the management of the property. Casino Mystery Shopping can cover every aspect of your operation from gaming, hotel or food and beverage. Our Mystery Shoppers are trained and understand exactly what their assignments are because every job assignment is different. I use mystery shopping in my "casino marketing tune up" because it enables me to get a quick objective view of the way the property really functions and the level of service that their customers experience. Sometimes the results are absolutely shocking and management is oblivious to it for many reasons. Some of these reasons are not necessarily their fault.

First, I need to explain a little more about the process and second, explain the benefits of casino mystery shopping. Our process is quite different from others in the fact that we use our own purpose developed, proprietary software that can be custom tailored or modified to suit every single casino or hotel environment. Every property has different facilities and different requirements. Second, our proprietary software is web based so as soon as our investigators input their observations the results are immediately available on-line through the Internet for review by the property management in as close to real time as possible. This is a very important feature and benefit. Correcting problems quickly can oftentimes make the difference between losing market-share and losing money.

Mystery Shopping can also reveal very positive aspects about your operation and about your staff. The results may be used for additional incentives for the staff as a show of appreciation or recognition for their outstanding efforts relating to excellent customer service. Another reason for celebrating.

By having information available to the casino operators on an almost real time basis, they are able to take corrective action in the fastest time frame possible. Time is money. This is actually a huge benefit to the operator especially when we uncover major problems that are negatively affecting their operation. Don't delude yourself into thinking that your casino is free of such problems. We recently conducted a Mystery Shopping assignment for a major Las Vegas strip

casino. We uncovered a major problem area relating to customer service. In fact, our investigator secretly recorded the internal telephone conversation that he had with a reservation center employee because we knew that the property President would have a difficult time believing us without proof. With that said Tom played the tape recorded conversation at the meeting in the casino board room with all of the Vice Presidents present. There was complete silence associated with disbelief in the room. Tom walked away from that meeting with a long term commitment for a large number of Casino Mystery Shops per month at that particular prestigious casino. Once again, Casino Mystery Shopping works.

Don't be penny wise and dollar foolish. Casino Mystery Shopping is a very important, cost effective method for validating your own operation. It works exceptionally well in conjunction with a casino marketing tune up. You absolutely need to understand what your customers actually experience when they visit your property. A wise old philosopher once said, "Ignorance is bliss and knowledge is understanding". If you would like additional information, please feel free to E-mail me. Good luck.

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