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## **Build trust, they will come: The case of casino high rollers!**

### **Abstract**

**Purpose:** Using the analogy of “If you build it, they will come” from the movie *Field of Dreams*, this study draws on relational signaling and commitment-trust theories to examine the role of different types of trust (cognitive, affective, and relational) in the relationship between relational-encounter quality and customer loyalty to service employees and to the organization in the case of an integrated casino resort. The study confirms that building it (trust), they (customers) will come to the casino exhibited in their loyalty to casino hosts and their affiliated casinos.

**Design/methodology/approach:** The study was conducted with VIP (very important person) customers who have a designated VIP host to provide them personal services at an integrated casino resort in Macau. The questionnaire was distributed to the respondents by VIP hosts using WeChat and Tencent QQ.

**Findings:** The study shows that different types of trust (cognitive, affective, and relational) play a significant mediation role in the relationship between relational-encounter quality and the customers’ loyalty to the hosts and their affiliated casinos.

**Originality:** This study is the first to investigate the roles of different types of trust (cognitive, affective, and relational) in the relational encounter between casino hosts and VIP customers and provides insights into the link between service employees and their firm through the nurturing of the service encounter with the firm’s key accounts.

**Keywords:** integrated casino resort, service encounter, trust, customer loyalty, frontline employees

### **1 Introduction**

Integrated casino resorts, or integrated resorts (IRs), such as those in Macau and Las Vegas, are multidimensional mega-tourism complexes that offer both gaming and non-gaming leisure elements and have become attractive tourism destinations (Ji and Yang, 2022). IRs have been erected across the globe, particularly in Macau. Competition among the casinos in almost all legalized gaming jurisdictions is intensifying. Relationship marketing, with a focus on achieving customer satisfaction and loyalty, has become a focal practice for gaining a competitive advantage and sustaining casino business (Ji and Prentice, 2021). This marketing practice is primarily targeted at the VIP market, also referred to as “high rollers” or “casino key accounts” for IRs. In the case of Macau casinos, the VIP segment accounts for the majority of gaming revenues (Gu *et al.*, 2023). This market was primarily sourced from and catered for by junket operators prior to June 2022, when the new gaming law came into effect in Macau. Now it is the task of the casino to acquire the VIP market and establish a direct, ongoing relationship with them, rather than through junket operators. The absence of junket operators as middlemen poses challenges for casinos in Macau. Given that Chinese tourists from Mainland China, Hong Kong, and Taiwan account for more than 90% of Macau's tourism market, all IRs in Macau target potential VIP customers from this segment, especially tourists from Mainland China, who represent over 70% of all tourists. Developing appropriate marketing strategies (e.g., loyalty programs and the

relevant complimentary rewards) for this market segment is imperative for business growth and casino sustainability (Prentice and Wong, 2015).

Delivering premium service has been widely acknowledged as an antecedent of customer satisfaction and loyalty (e.g., Bradley and Wang, 2022). In the case of the VIP market, it is the individualized services over each service encounter provided by designated casino hosts that account for these customers' relationship with casinos (Prentice and King, 2011). These personal-encounter services become key ingredients of nurturing trust and building relationships with VIP customers; hence, they are referred to as relational-encounter services. Very little research has been conducted to understand how the quality of this personalized encounter service, in the context of the VIP segment, may account for customers' attitudes and behaviors towards designated hosts and their affiliated casino. In particular, how these customers' relationships with the hosts affect their future patronage of the casino.

Although some studies have attempted to examine the link between service quality and customer loyalty in the casino context (Shi *et al.*, 2014), the role of trust has received limited attention. In the case of VIP guests, or casino high rollers, trust is critical to gaining their patronage (Prentice, 2016). In the relevant literature, the concept of trust has been widely cited as a component of relationship quality. Although the concept of trust is generally multidimensional, prior research has mainly focused on a single dimension, or on one of two forms of trust, namely cognitive trust (CT) and affective trust (AT) (Chen *et al.*, 2021). Relational trust has received limited attention. Nonetheless, Kim and Kim (2021) argue that relational trust plays a critically important role between two parties who have an interacting relationship (in their study, social media influencer-followers). Shen *et al.* (2019) emphasize the important role of relational trust in facilitating long-term transactions between the two parties.

Consistent with the foregoing discussion, the current study examines the role of different types of trust—cognitive, affective, and relational—in the relationship between relational-encounter quality and customer loyalty in the case of IRs' VIP market. In particular, customer loyalty in this study is operationalized as loyalty to the hosts as service employees and to their affiliated casino as the service organization.

## **2 Literature review**

### **2.1 Theoretical foundation**

#### ***Relational signaling and commitment-trust theories***

Relationship signaling theory (RST), proposed by Lindberg (2000), is viewed as a fundamental theoretical mechanism to explain trust building (Oghazi *et al.*, 2018). According to the theory, relational signals are defined as information exchanged in repeated interactions through which the interests of the other party in the relationship can be inferred (Lindberg, 2000). Through this positive signaling, parties are able to continue the relationship despite possibly different goals (Etienne, 2013; Lindenberg, 2000). To build trust, collaborating partners must signal to each other that they are trustworthy by showing their trustworthiness and intention to act collaboratively (Minnaar *et al.*, 2017). While scholars have already confirmed that parties send positive signals to each other to establish a relationship favorable to gaining benefits and building trust (Moon *et al.*, 2022), the underlying mechanisms linking relational signals, trust, and customer attitudes and behaviors remain underexplored. The relationship between customer trust and loyalty is based on commitment-trust theory (CTT) (Morgan and Hunt, 1994). According to this

theory, long-term relationships are built on the foundation of mutual trust-commitment, consistent with the process of creating long-term buyer-seller relationships (Kim *et al.*, 2008).

Based on the trust-building process and mechanism of RST, this study considers the relational encounter between VIP hosts and customers at IRs as a key relational signal for building VIP customer trust, which contributes to the trust captured by CT, AT, and RT. For example, when a host detects a customer on the mass-market casino floor who has the potential to become a VIP customer, the host may approach the customer to introduce VIP gaming and the relevant service with the intention of drawing this customer into playing in the VIP gaming sector. This introduction must send trustworthy signals for the customer to consider VIP gaming.

Through frequent interactions that are perceived as exhibiting positive relationship signals, the guests are more likely to develop loyalty towards VIP hosts and hence to their affiliated casinos (Prentice, Wang and Singh, 2020). The proposed relationships are shown in Figure 1. According to the spillover theory that indicates a person's perceptions, attitudes, and behaviors can be flown into another domain under certain circumstances (Prentice, Wang and Manhas, 2021), customer loyalty in one domain (in this context, customer loyalty towards hosts) can be exhibited in another realm (customer loyalty towards the affiliated entity) as a reflection of one's experience (Sthapit *et al.*, 2021).

**Figure 1**

## ***2.2 Relational-encounter quality and trust***

According to the proponents of relationism, a social phenomenon is a process consisting of flows of action or interaction in which individuals are therefore always enmeshed in interdependent relations with others; individual behavior cannot be theoretically understood in isolation from the relational context (Powel & Dépelteau, 2013). In the field of tourism research, Jóhannesson *et al.* (2015) have illustrated that tourism is a relational phenomenon that concretizes and contributes to the configuring of the world through relational encounters and the intertwining of various orders. Recently, Huang and Xu (2023) observed relational encounters in the interactions between tourists with cancer and the material-social-affective resources that enable their healing processes. Following the view of relational advocates, we define relational encounters in this study as flows of actions or interactions between VIP hosts and VIP customers at IRs that facilitate the process of intensifying and fulfilling the close inter-relationship.

Based on King and Garey's (1997) study, we argue that relational-encounter quality refers to customers' perceptions and assessments of the communications and behaviors of the relationship-signal sender (i.e., the VIP host in this study). From the relational-signaling perspective, Moon (2021) takes CT and AT as two different forms of thick trust. CT is established when individuals accumulate knowledge and information that enables them to evaluate the competence and reliability of the other party, while AT is developed when positive feelings arise from the care and concern expressed by the other person (Chen *et al.*, 2021; Moon, 2021). In this study, we assume that RT is also a form of thick trust and is developed through repeated interactions with others when there is a strong belief in the benevolence, integrity, and sincere efforts of others to reduce risk by constructing close relationships (Poppo *et al.*, 2016).

According to social exchange theory (Homans, 1958), social behavior is the result of an exchange process where any interaction between individuals involves an exchange of

resources, both tangible and intangible, to maximize their benefits and minimize their costs. Therefore, a VIP host should invest in relational-encounter resources in a way that VIP customers perceive as reliable in building their trust. Such investments need to not only allow VIP customers to continuously accumulate and assess perceptions of the VIP host's competence and reliability in the process of relationship-building between the two parties but also demonstrate the host's care and concern for the VIP customers as well as form VIP customers' strong belief in the kindness, integrity, and sincere efforts of the host during the long-term interaction. In addition, for VIP customers, the perception of relational encounters can be seen as a benefit that they receive from the VIP hosts. Inheriting the identified positive effect of service encounters on customer trust (Han *et al.*, 2019), we argue that if these encounters are perceived as high-quality, it can increase the VIP customers' trust in the VIP hosts. CT, AT, and RT can be built through repeated positive interactions and experiences and the perceived quality of the relational encounter between the VIP customer and the VIP host.

This relationship can be accounted for by RST (Lindenberg, 2000). On the basis of RST, VIP hosts' investments in relational encounters with VIP customers can be seen as relational signals to the other party (in this context, the hosts) to demonstrate their ability and intention aimed at building a good relationship. These signals are a basis for building trust and a prerequisite for the continuation of the relationship between the two parties, namely the VIP customer and the host. Some studies suggest that relational signals have a significant effect on trust building (cognitive and affective) (Moon, 2021), and these signals provide a frame central to building trust (Oghazi *et al.*, 2018). Therefore, it is reasonable to hypothesize that there is a positive relationship between the perception of relational-encounter quality among VIP customers and their trust in VIP hosts. The first hypothesis is as follows:

H1. Perceived relational-encounter quality by VIP guests is positively related to their a) CT, b) AT, and c) RT.

### ***2.3 VIP customers' trust and customer loyalty***

Existing studies indicate the importance of trust in enhancing customer loyalty (Liu *et al.*, 2021). For example, Chaudhuri and Holbrook (2001) reveal that the perceived trustworthiness of a brand leads to the likelihood that customers will develop positive attitudes toward it, thereby increasing attitudinal loyalty to a particular brand. Since conveying trust to consumers reduces their sense of uncertainty and risk, it increases the chances that they will continue to transact with the product or service provider in the future. Consistent with the findings of Chaudhuri and Holbrook (2001), the significant effect of customer trust on customer loyalty has been verified by other studies in the field of service marketing, including tourism and hospitality (Liu *et al.*, 2021).

Wong and Sohal (2003) have found that there are important conceptual differences between customer loyalty to an employee and customer loyalty to a company. Focused on tourism-related trust, Williams and Baláz (2021) argue that both cognitive and affect-based trust between the truster and the trustee are crucial not only at the interpersonal level of the relationship but also to the relationship between a person and an organization. Specifically, in encounters with marketers, tourists' positive perceptions of the marketer's competence and reliability, derived from the latter's knowledge and information provided (CT), as well as positive emotional reactions to the marketer's care and concern expressed in mutual

encounters (AT) are effective in reducing customers' perceptions of uncertainty and risk and thus underpinning the establishment of loyalty (Williams and Baláž, 2021; Yang *et al.*, 2019). Sirdeshmukh *et al.* (2002) argue that if a service provider's behaviors minimize relational risk, customers are more likely to behave in a "cooperative" manner in maintaining trust and demonstrating evidence of their loyalty to such a trustworthy service provider.

From an RT perspective, loyalty is a relational construct (Wong and Sohal, 2003) but repeated interactions between interfacing individuals develop relational trust, which further shapes customer loyalty (Saparito *et al.*, 2004). Some studies indicate that customers' trust in the casino is positively related to their loyalty behaviors (Hwang *et al.*, 2019). Further, Damberg *et al.* (2022) have validated the significant effect of RT on customer loyalty in the context of the bank industry. Focused on the context of VIP hosts and VIP customers, we argue that the repeated interactions between them will not only lead to the perception by VIP customers of the host's knowledge, competence, and care and concern for VIP customers but also develop stronger relational trust, all of which contributes to the development of customer loyalty. Therefore, we propose the following:

H2. VIP customers' a) CT, b) AT, and c) RT in casino hosts are positively related to their loyalty to the hosts.

H3. VIP customers' a) CT, b) AT, and c) RT) in casino hosts are positively related to their loyalty to the IR.

#### **2.4 VIP customers' loyalty to hosts and to IRs**

Melnyk *et al.* (2009) have distinguished that customer loyalty to individual employees and the loyalty to organizations are two of many different forms of loyalty. In addition, Bove and Johnson (2009) argue that customer loyalty in people-processing services can be to the company or to specific service employees. Because loyalty to service personnel is an important driver of loyalty to a company, it is important to distinguish between these two forms of customer loyalty. If a customer is loyal to a service employee, should the employee resign, the customer's loyalty to the company may be weakened, if not immediately defected. Some studies have revealed that customer loyalty to service employees can be translated into loyalty to a company (Prentice, 2018). Thus, we propose the following:

H4. VIP customers' loyalty to hosts is positively related to their loyalty to IRs.

#### **2.5 The role of trust**

Customer trust is crucial to fostering the relationship between service providers and customers (Li *et al.*, 2020). Grounded in social exchange theory, Cheng *et al.* (2017) assert that customers are apt to interact with service providers that they trust. Su *et al.* (2017) have further verified that customer trust plays a mediating role between the perceived quality of the relationship in tourist-destination interactions and tourist loyalty to the destination. Recently, some studies (e.g., Li *et al.*, 2020; Liu *et al.*, 2021) have revealed the mediating effect of customer trust in the relationship between customers' perceptions of the service provider–customer relationship and customer loyalty. However, it remains unanswered both whether the perception of relational-encounter quality affects the

emergence of trust and whether it further affects customer loyalty, especially in the context of VIP customer scenarios in casinos. Since trust can be subdivided into CT, AT, and RT, the questions remain whether all three types of trust play a role in the formation of customer loyalty, and how they do so. Morgan and Hunt (1994) argue that without considering the effect of trust as a mediating variable, it is very likely that unreliable conclusions will be drawn in studies of buyer-supplier relationships. According to RST, a customer's perception of the quality of the relational encounter can be seen as the relationship signal received, and the higher its level of perceived quality, the more it enhances the positive and mutually communicative relationship between the customer and the service provider, thus strengthening their relationship of trust. In turn, customers with a high level of trust are more inclined to develop longer-term, stronger relationships with service-delivery employees and have a more sustained commitment to the company. Hence, we propose the following hypotheses:

H5. a) CT, b) AT, and c) RT, respectively, have a significant mediation effect on the relationship between the relational-encounter quality perceived by VIP customers and their loyalty to hosts.

H6. a) CT, b) AT, and c) RT have a significant mediation effect on the relationship between the relational-encounter quality perceived by VIP customers and their loyalty to the IR.

The literature reviewed above supports the view that relational-based interactions between service representatives and customers can be seen as a strong signal of customer trust (Moon, 2021). The higher the customer's perception of the quality of interactions with employees during repeated interactions, the higher the customer's evaluation of the trustworthiness of the employees (Fernandes *et al.*, 2018). As a result, these customers may be more loyal to the employees, as evidenced by stronger and more frequent engagement between them (Li and Hsu, 2018). In the context of IRs, given that the VIP hosts are the casino resort employees who are most closely associated with the VIP customers, we believe that a loyalty relationship between them based on mutual trust will further influence the loyalty of the VIP customers to the IR. Accordingly, perceptions of relational-encounter quality may influence VIP customers' loyalty to IRs via the mediation of customer trust and loyalty to VIP hosts. Thus, we propose the following:

H7. There is a serial mediation from the perception of relational-encounter quality to VIP customers' loyalty to IRs through a) CT, b) AT, and c) RT and loyalty to hosts.

### **3. Method**

#### ***3.1 Sample and data collection***

The study was undertaken in one of the Macau IRs. The target population was VIP customers with designated VIP hosts to provide personal services. Casinos in Macau generally segment customers into mass gaming players, premium mass players, and VIP customers (Ho and Phillips, 2023). The latter two categories are seen as high-rollers, capable of generating substantial profits for the casino. Meanwhile, the intensifying competition in the Macau casino market has led IRs to develop premium mass players into VIP customers, thus resulting in the possibility of overlap between these two types of customers, with the biggest difference between them being that no cashback (commission) is generally provided to premium mass players.

With approval from the IR's senior management, a senior VIP host was assigned to assist in the data collection. Snowball sampling was employed based on the recommendation of the host. The questionnaire was distributed to VIP customers of this IR. WeChat and Tencent QQ were employed for the survey. The VIP hosts sent the finalized e-questionnaire link to their respective VIP customers via these two social media platforms. The data was collected in January 2023 after the lifting of preventive measures for COVID-19.

### **3.2 Measurement and pilot testing**

The questionnaire consisted of the measurement items for the six constructs in the hypothesized model (relational-encounter quality, CT, AT, RT, and VIP customer loyalty) and demographic information, with all items scored on a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Relational-encounter quality was measured using seven items based on Tsang and Ap (2007). CT and AT were measured using three items and four items respectively, separately adapted from Chen *et al.* (2021). RT was measured using four items adapted from Kim and Kim (2021). VIP customer loyalty to the host and IR were measured using four items respectively, adapted from Bove and Johnson (2006).

Before conducting the final study, the questionnaire was pilot tested with 42 VIP customers. Based on the feedback from the pilot study respondents, a few items were slightly rephrased to improve their understandability. Item-item correlations along with Cronbach's alpha were also calculated for each construct to validate the scale items. Two researchers from universities and two marketing managers from casinos were invited to evaluate the measurement items. Based on their feedback, the questionnaire was revised to ensure clarity and content validity. Since the survey respondents were all Chinese and the referred measurement scales were in English, a blind translation-back-translation method was used to maintain the consistency and accuracy of the scale.

After 4 weeks and eliminating 48 invalid questionnaires, a total of 454 valid responses were used for data analysis. To estimate the sufficiency of the sample size, the inverse square root suggested by Kock and Hadaya (2018) was adopted with a minimum absolute significant path coefficient of 0.2, significance level of 0.05, which suggests the minimum sample size is 155. So, the sample size of this study is highly sufficient. Most of the respondents were male (86.34%); the largest group was those between 41 and 50 years old (38.8%) with an annual income of RMB 1 million or less (63.4%), and 58.1% had been VIP customers for a length of 3–4 years (Table 1).

**Table 1**

#### ***Common method bias***

To address common method bias, several procedural remedies proposed by Podsakoff *et al.* (2003) were used for this study, such as anonymous responses without revealing the respondents' identities, minimizing the evaluation apprehension, and counterbalancing the order of measurement of the independent and dependent variables. In addition, prior to testing the hypotheses, the common method bias (CMB) was assessed by performing the full collinearity assessment method suggested by Kock (2015). It showed that all (factor-level) variance inflation factors were lower than 3.3, suggesting that CMB was not a significant issue in this study. Furthermore, the unmeasured latent variable marker (ULVM) method was performed. The SmartPLS algorithm analysis indicated that the R square



changed less than 10% with and without ULVM (Tehseen *et al.*, 2017), also confirming no significant concern for CMB.

## 4. Results

### 4.1 Measurement model validation

Two-stage structural equation modeling was performed using SmartPLS 4. In the first stage, we evaluated the measurement model to ensure the reliability and validity of each construct. In the second stage, we estimated the structural model and tested our hypotheses using a partial least squares structural equation model (PLS-SEM), with parameters estimated through a bootstrapping method with 5,000 resamplings. Given the complex relationships, particularly the serial mediation effects between the constructs involved in this study, the PLS-SEM approach has been deemed more appropriate, as suggested by Sarstedt *et al.* (2020).

The reliability of each construct's measurement was assessed using composite reliability (CR). All construct measures demonstrated high internal consistency, with CR values ranging from 0.869 to 0.943, exceeding the recommended threshold of 0.7 (Tenenhaus *et al.*, 2005). The average variance extracted (AVE) for each construct varied from 0.734 to 0.787, above the threshold value of 0.5 (Fornell and Larcker, 1981), and all factor loadings were greater than the recommended value of 0.7 and statistically significant (Hair *et al.*, 2017), establishing the convergent validity of the constructs' measurements (Table 2).

**Table 2**

Discriminant validity (DV) was assessed using the Fornell and Larcker criterion, which involves comparing the square root of the AVE value with the correlations among all study constructs. The results indicated that for each construct, the square root of the AVE value was greater than the correlations among all corresponding study constructs (Fornell and Larcker, 1981), thus establishing the DV of this study (Table 3). In addition, the heterotrait-monotrait (HTMT) test was adopted to assess DV. Since the values of the HTMT were not over the threshold of 0.85 (Voorhees *et al.*, 2016), the DV was also confirmed.

**Table 3**

### 4.2 Assessment of the structural model

We followed the suggestion of Henseler *et al.* (2016) to use the standardized root mean square residual (SRMR) as a model fit measure. In this study, the SRMR value was 0.039, falling below the recommended cut-off value of 0.08, indicating a satisfactory fit for the structural model.

Besides SRMR, we also followed the recommendations of Hair *et al.* (2019) to assess the structural model using  $Q^2$  (the blindfolding-based cross-validated redundancy measure) and  $R^2$  (coefficient of determination). The  $Q^2$  values of 0.341, 0.446, 0.329, 0.390, and 0.397 for AT, CT, RT, VIP customer loyalty to host, and loyalty to IR respectively were greater than zero, suggesting a relatively strong degree of predictive relevance.

In terms of total variance explained, it was found that VIP customer loyalty to the host had the highest score ( $R^2 = 0.595$ ). The explanatory power of VIP customer loyalty to IR was relatively strong at 53.6% ( $R^2 = 0.536$ ), while other constructs in the model also had a relatively strong level of explanatory power. Based on the rule of thumb ( $R^2$  values of 0.75, 0.50, and 0.25 represent substantial, moderate, or weak levels of predictive accuracy

respectively) suggested by Hair *et al.* (2014), the predictive accuracy of VIP customer loyalty to the host and VIP customer loyalty to IR are at moderate levels.

Table 4 includes the results of hypothesis testing using PLS-SEM p-values and the confidence interval technique to validate the significance of the path coefficients. Specifically, the perception of relational-encounter quality influenced CT ( $\beta = 0.670$ ,  $p < 0.001$ , CI = [.611; .724]), AT ( $\beta = 0.588$ ,  $p < 0.001$ , CI = [.517; .653]), and RT ( $\beta = 0.578$ ,  $p < 0.001$ , CI = [.504; .649]) significantly, supporting H1a, H1b, and H1c. Supporting H2a and H3a, CT positively and significantly influenced VIP customer loyalty to hosts ( $\beta = 0.290$ ,  $p < 0.001$ , CI = [.190; .384]) and to IRs ( $\beta = 0.135$ ,  $p < 0.01$ , CI = [.035; .232]). H2b and H3b were supported by confirming that AT affected VIP customer loyalty to hosts ( $\beta = 0.138$ ,  $p < 0.001$ , CI = [.064; .213]) and to IRs ( $\beta = 0.146$ ,  $p < 0.01$ , CI = [.057; .235]) significantly. The results also demonstrate that RT significantly influenced VIP customer loyalty to hosts ( $\beta = 0.320$ ,  $p < 0.001$ , CI = [.225; .420]) and to IRs ( $\beta = 0.222$ ,  $p < 0.01$ , CI = [.123; .310]), supporting H2c and H3c. VIP customer loyalty to hosts significantly and positively influenced VIP customer loyalty to IRs ( $\beta = 0.145$ ,  $p < 0.01$ , CI = [.043; .251]), supporting H4.

Based on 5,000 bootstrap samples with 95% bias-corrected confidence intervals, hypotheses 5a, 5b, and 5c propose that CT, AT, and RT mediate the effect of perceived relational-encounter quality on VIP customers' loyalty to the hosts. The results show that the specific indirect effects of these hypotheses were significant; hypotheses 5a, 5b, and 5c were supported. In addition, the findings also illustrate that CT, AT, and RT mediated the positive effect of the perceived relational-encounter quality on VIP customers' loyalty to the IRs, which supported hypotheses 6a, 6b, and 6c. According to Hair *et al.* (2021), a partial mediating effect can be confirmed if both the direct and indirect effects are significant. As such, it can be ascertained that CT, AT, and RT partially mediated the effect of perceived relational-encounter quality on VIP customers' loyalty to hosts and loyalty to IRs.

Hypotheses 7a, 7b, and 7c propose a set of serial paths between relational-encounter quality perception and VIP customers' loyalty to IRs through CT as mediator 1a, AT as mediator 1b, and RT as mediator 1c respectively and through VIP customers' loyalty to hosts as mediator 2. Because the results show that relational-encounter quality perception significantly and positively affected VIP customers' loyalty to IRs via CT and VIP customers' loyalty to IRs ( $\beta = 0.028$ ,  $p < 0.05$ , CI = [.008; .052]), via AT and VIP customers' loyalty to IRs ( $\beta = 0.012$ ,  $p < 0.05$ , CI = [.003; .024]), and via RT and VIP customers' loyalty to IRs ( $\beta = 0.027$ ,  $p < 0.05$ , CI = [.007; .053]), supporting H7a, H7b, and H7c, all serial mediation hypotheses were validated.

**Table 4**

## **5. Discussion and implications**

### **5.1 Discussion**

Drawing on RST and CTT, this study examines the role of trust in the relationship between relational-encounter quality, customer loyalty to host, and customer loyalty to IRs. Trust has been operationalized into cognitive, affective, and relational dimensions. The empirical results support all the hypotheses. The study conforms to that “if you build it, they will come,” that is, if trust is built between the casino hosts and VIP customers, the customers will return to the hosts and their affiliated casinos.

First, the perception of relational-encounter quality among VIP customers was found to exert a positive impact on CT (H1a), AT (H1b), and RT (H1c). This corresponds to the findings of studies indicating that relational-encounter quality has a significant effect on customers' cognitive and affective trust (Yang *et al.*, 2019) including RT. This finding suggests that the higher the level of the VIP's hosts' encounters with VIP customers, the higher is the level of trust (cognitive, affective, and relational). The results thus confirm the prominent role of relational-encounter quality as signals for the formation of trust between the VIP guest and the host.

Second, VIP customers' CT was found to be a positively and statistically significant factor affecting loyalty to host and IRs, as proposed in H2a and H3a. Third, VIP customers' AT appears to be another key predictor of loyalty to host and IRs, supporting H2b and H3b. These findings are supported by previous studies revealing the significant direct effect of CT and AT on VIP customers' loyalty (Liu *et al.*, 2021).

Fourth, the proposed positive association between VIP customers' RT and their loyalty to hosts (H2c) and their loyalty to IRs (H3c) was confirmed by the results of this study. In other words, the findings suggest that VIP guests who have developed CT, AT, and RT are more likely to be loyal to their VIP hosts and the IR. This finding supports CTT, which suggests that long-term relationships are built on the foundation of mutual trust-commitment (in this context, the VIP guest and the host) and includes studies indicating that customer trust exerts a significant and positive impact on customer loyalty (Liu *et al.*, 2021).

Fifth, this study has examined the mediating role of CT, AT, and RT between perceived relational-encounter quality and VIP customers' loyalty to the hosts and IRs. Our findings show that trust (cognitive, affective, and relational) plays a vital role in enhancing the linkages between the relational-encounter quality perceived by the VIP customers and their loyalty to hosts and IR.

Lastly, the findings suggest that relational-encounter quality indirectly affects VIP customers' loyalty to IRs through cognitive, affective, and relational trust and loyalty to hosts. In other words, the findings show that VIP customers' perception of relational-encounter quality indirectly affects their loyalty to IRs through the three sequential mediation paths of CT (mediator 1a), AT (mediator 1b), RT (mediator 1c) and the VIP customers' loyalty to hosts (mediator 2) respectively.

## ***5.2 Theoretical implications***

This research contributes to the existing literature in mainly three aspects. First, this study contributes to the relationship-marketing literature by examining the role of multidimensional trust in customer relationships with the host and the entity. Existing studies have tended to focus on single-dimensional trust or two forms of trust (cognitive and affective). This study breaks through this limitation by using trust as a multidimensional construct including CT, AT, and RT; the study supports the view that each trust dimension has different influences on the VIP customer's loyalty towards the host and the entity. The findings support the theoretical underpinnings of RST by demonstrating that parties in a relationship—in this context, the VIP customer and the host—signal each other through their actions so as to show the competence and intention to establish a desirable relationship, based on which their trust is built and the relationship

is sustained (Etienne, 2013). The findings confirm the applicability of CTT, because trust emerges as a key antecedent of VIP loyalty to the host and the entity.

Second, this study contributes to customer loyalty research by linking the relationships of customers with service employees and their affiliated organizations. This testing confirms the spillover effect in customer loyalty research. The findings enrich the existing knowledge on customer loyalty at two levels, namely the macro (entity) level and the micro (host) level and echo the underpinnings of spillover theory by demonstrating that the VIP customers' loyalty to hosts significantly and positively influenced their loyalty to the affiliated entity. This finding supports studies indicating that each dyadic actor's engagement reinforces the other's engagement and may spill over to affect other connections in contexts beyond the dyad (Chandni and Rahman, 2020). In addition, perceptions, attitudes, and behaviors in one setting can be exhibited in another realm as a reflection of one's experience (Sthapit *et al.*, 2021), in this context, positive spillover of customers' loyalty from the hosts to the affiliated entity.

Third, the study contributes to service quality research by focusing on the role of relational-encounter services performed by employees, in this case, the VIP hosts. The findings support existing studies and suggest that the quality of the individualized interactions between VIP hosts and VIP customers facilitates the process of intensifying and fulfilling their close inter-relatedness (Prentice and King, 2011). The findings highlight that guests place importance on the quality of the individualized service performance of employees; this then translates into building trust, in this case, between VIP guests and hosts (Prentice, 2016).

### ***5.3 Practical implications***

This study has important managerial implications for casino managers and hosts. First, casino managers should dedicate resources to develop better encounter experience with the aim of nurturing a long-term trust relationship with VIP guests. These individualized interactions form trust and relationship building. Through these interactions, the hosts have more knowledge of the guests' personal and professional backgrounds which can be used to enhance the post-sale service including sending cards and gifts to the guests on special occasions such as birthdays. With the rapid development of technology, casinos should utilize technologies to reinforce customer trust, for example, live-chat service via the company website and mobile application to promote active communication with VIP guests. Casinos should provide relevant training programs for the hosts such as technology adoption, communication skills and problem-solving abilities.

Second, given that different dimensions of trust were positively and statistically related to customer loyalty, the management should invest resources in enhancing VIP customers' trust and experiences by clearly defining the host's tasks. Casino managers should demonstrate efficient leadership by creating a culture of professionalism and customer centricity. The hosts should showcase professionalism, dedication, and care when serving VIP guests, which contributes to creating trust. The relevant training should be provided to the VIP hosts.

Third, given that the VIP customer service is gradually shifting from junket operator-led to IR-led after the implementation of the new gaming law in June 2022, it is imperative for Macau's IRs to rely on their own efforts rather than the junket operators or representatives to cultivate and maintain relationships with the VIP guests. The hosts play a significant role in this shift as they have the first contact of these customers. This change

entails recruiting new hosts and strengthening their competencies by improving host-specific training programmes and mentorship. These programs would offer a platform for VIP hosts to be more adaptable and competent to develop relational encounters and safeguard business profitability and sustainability in a competitive environment in the long run.

#### ***5.4 Limitations and suggestions for future studies***

The research acknowledges a few limitations. First, the participants were Chinese and mainly male. Future research should endeavor to include other ethnicities and genders to capture the totality of the proposed relationships. Second, the present study adopted an online questionnaire for data collection; including other research methods may provide different insights into the proposed model. Third, the data was only collected in Macau, and the findings may be limited to the casinos in this region. Future research should replicate the current study and extend the findings to other regions. Conducting a dyadic study by including the hosts may provide insights into the impact of the quality of the relational encounter on outcomes related to both customers and employees. This initiative has implications for casino business growth and sustainability.

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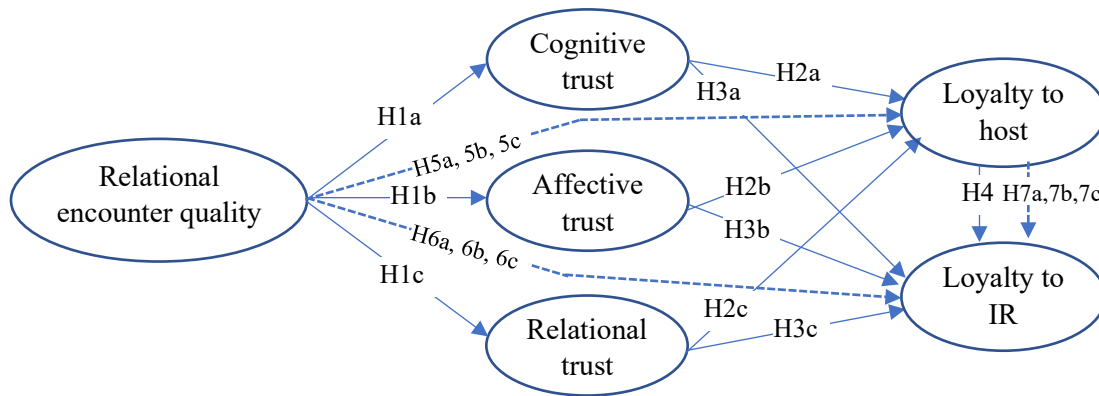
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**Figure 1.** Conceptual model (Source: Authors own creation)

Note: the dotted lines represent mediation relationships

**Table 1.** Demographic profile of respondents (N = 454) (Source: Authors own creation)

<b>Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>		
Male	392	86.3%
Female	62	13.7%
<b>Age</b>		
21-30	59	13.0%
31-40	116	25.6%
41-50	176	38.8%
51 and above	103	22.7%
<b>Personal annual income</b>		
RMB 1 million and below	288	63.4%
RMB 1.01 million – 8 million	104	22.9%
RMB 8.01 million – 15 million	33	7.3%
Over 15 million RMB	29	6.4%
<b>Length of time as a VIP customer</b>		
Less than 1 year	26	5.7%
1-2 years	19	4.2%
3-4 years	264	58.1%
5 years and above	145	31.9%

**Table 2.** Reliability and validity (Source: Authors own creation)

<b>Constructs</b>	<b>Loadings</b>	<b>AVE</b>	<b>Composite reliability</b>
<b>Relational encounter quality</b>			
My designated VIP host frequently contacts me to inform me of the latest VIP membership activities	0.861	0.742	0.943
Very often, my designated VIP host's contact with me is simply an expression of concern and greeting, not related to business	0.878		
For certain holidays or birthdays, my designated VIP host will always prepare cards or gifts for me	0.859		
I talk to my designated VIP host about my personal affairs with each other	0.857		
My designated VIP host and I often discuss common topics, such as mutual hobbies and similar experiences	0.855		
My designated VIP host often kindly reminds me not to engage in excessive gambling entertainment	0.863		
My designated VIP host will be excited or frustrated by the wins and losses in my gambling entertainment	0.858		
<b>Cognitive trust</b>			
I believe that my designated VIP host serves me with professionalism and dedication	0.916	0.787	0.869
Throughout my dedicated VIP host's encounters with me, I trust in his/her competence to provide me with service	0.868		
I can rely on my dedicated VIP host to serve me with care during my encounters with him/her.	0.878		
<b>Affective trust</b>			
In my encounters with my dedicated VIP host, I feel a sense of personal connection with him/her	0.904	0.734	0.884
I feel that my dedicated VIP host always shows a warm and caring attitude toward me	0.851		
I feel that my dedicated VIP host is always concerned about me	0.843		

I feel that my dedicated VIP host always care about maintaining a good relationship with me	0.828		
<b>Relational trust</b>			
I feel that my dedicated VIP host can be relied upon for the attitude and behavior of our relationship	0.895	0.774	0.932
I believe what my dedicated VIP host says and that he/she would not try to take advantage of our relationship	0.890		
My dedicated VIP host is straightforward and honest in our relationship even though his/her self-interests are involved	0.850		
My dedicated VIP host would not tell a lie even if he/she could gain by it	0.882		
<b>VIP customer loyalty to host</b>			
My dedicated VIP host is good	0.911	0.776	0.905
I like My dedicated VIP host very much	0.856		
My dedicated VIP host's work is of high quality	0.882		
I would recommend my dedicated VIP host to others	0.875		
<b>VIP customer loyalty to integrated resort</b>			
I like this integrated resort very much	0.900	0.753	0.898
This integrated resort reflects high quality	0.853		
My experience in this integrated resort is always pleasant	0.856		
I would recommend this integrated resort to others	0.861		

**Table 3.** Fornell-Larcker discriminant validity criteria (Source: Authors own creation)

	1	2	3	4	5	6
1.Affective trust	0.857					
2.Cognitive trust	0.542	0.887				
3.Loyalty to host	0.551	0.693	0.881			
4.Loyalty to IR	0.547	0.624	0.618	0.868		
5.Relational trust	0.492	0.678	0.680	0.620	0.880	
6.Relational encounter quality	0.588	0.670	0.627	0.632	0.578	0.861

**Table 4.** Results of hypothesis test (Source: Authors own creation)

Hypothesized paths	Beta	T-values	p values	BC 95% Bootstrap CI		Decision
				LL	UL	
H1a: REQ → CT	0.670	23.285	.000***	0.611	0.724	Yes
H1b: REQ → AT	0.588	16.785	.000***	0.517	0.653	Yes
H1c: REQ → RT	0.578	15.347	.000***	0.504	0.649	Yes
H2a: CT → LTH	0.290	5.777	.000***	0.190	0.384	Yes
H2b: AT → LTH	0.138	3.630	.000***	0.064	0.213	Yes
H2c: RT → LTH	0.320	6.369	.000***	0.225	0.420	Yes
H3a: CT → LTIR	0.135	2.685	.007**	0.035	0.232	Yes
H3b: AT → LTIR	0.146	3.200	.001**	0.057	0.235	Yes
H3c: RT → LTIR	0.222	4.747	.000***	0.123	0.310	Yes
H4: LTH → LTIR	0.145	2.738	.006**	0.043	0.251	Yes
Mediating effects						
H5a: REQ → CT → LTH	0.194	5.615	.000***	0.127	0.262	Yes (Partial)
H5b: REQ → AT → LTH	0.081	3.563	.000***	0.038	0.126	Yes (Partial)
H5c: REQ → RT → LTH	0.185	5.421	.000***	0.125	0.259	Yes (Partial)
H6a: REQ → CT → LTIR	0.09	2.627	.009**	0.023	0.159	Yes (Partial)

H6b: REQ → AT → LTIR	0.086	3.13	.002**	0.033	0.141	Yes (Partial)
H6c: REQ → RT → LTIR	0.128	4.673	.000***	0.073	0.180	Yes (Partial)
H7a: REQ → CT → LTH → LTIR	0.028	2.482	.013*	0.008	0.052	Yes (Serial)
H7b: REQ → AT → LTH → LTIR	0.012	2.15	.032*	0.003	0.024	Yes (Serial)
H7c: REQ → RT → LTH → LTIR	0.027	2.304	.021*	0.007	0.053	Yes (Serial)

Note: REQ = Relational encounter quality; CT = Cognitive trust; AT = Affective trust; RT = Relational trust; LTH = Loyalty to hosts; LTIR = Loyalty to integrated resorts, LL= lower level, UL= upper level, \* p < .05, \*\* p < .01, \*\*\* p < .001.