



## An examination of factors that discourage slot play in Macau casinos

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### ABSTRACT

This research investigates the factors that discourage slot play by Chinese gamblers in Macau, the main source of customers for the region's casinos. The results of focus group discussions indicate that the service (or service environment, including floor layout, cleanliness, lighting, etc.) of the slot areas has little impact on whether Chinese gamblers play slot machines. Customer survey findings reveal that gambling motivation, betting preferences, the culture of Chinese gamblers, game characteristics (especially the size of the jackpot), and service provision are more important factors. Several managerial implications are extracted from a study of players' responses to possible improvements to slot machines.

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### 1. Introduction

Slot machines (or electronic gaming devices) are very popular in Western casinos, and are a major source of revenue. For instance, slots contribute 68.0% of casino revenue in Nevada and 46.8% in Australia, whereas table games contribute only about 32.0% and 39.8%, respectively (Australian Casino Association, 2008; Nevada Gaming Control Board, 2007; Siu and Eadington, 2009). Slot machines are considered to be more cost-effective and profitable than table games due to the smaller demand they make on space and human resources, and they draw a wider range of customers because they are commonly viewed as a form of entertainment (Liu, 2002). Largely due to these factors, the ratio of tables to slot machines is generally small in Western casinos. For example, it is 1 to 30.1 in Nevada and 1 to 9.7 in Australia (Siu and Eadington, 2009).

The situation in Macau is different, with the VIP market accounting for 66.88% of the region's casino revenue (see Table 1). VIP guests are generally more interested in table games (mainly baccarat), due to their strong desire to win and their pursuit of gambling for excitement. Many of them also exhibit compulsive attitudes toward gambling, as Lam (2005) has observed. Slot play is primarily of interest to the mass gaming market, 16.25% of whose revenue came from slots in 2009.

Despite the smaller revenue contribution made by slots relative to table games in Macau, it is clear from Table 1 that the region has witnessed significant growth in its slot business in the past few years. In 2002, Macau's 800 slot machines accounted for about 1.04% (or US\$29 million) of casino revenue. By the end of 2009,

the number of machines had grown to about 14,000, and slot play accounted for 5.45% (or US\$813 million) of total casino revenue. Slot revenue's share of mass gaming market revenue also increased significantly, from just 3.96% in 2002 to 16.25% in 2009.

Although interest in slot play is on the rise, as is the revenue generated from it, scholars believe that local casino operators need to exert greater effort to attract more profit-making slot play, particularly those operating casinos that target Chinese customers (Lam, 2005; Siu and Eadington, 2009). In 2009, about 50.52% of visitors to Macau were from mainland China, 30.93% from Hong Kong and 5.94% from Taiwan (Statistics and Census Service, 2009). More than 95.00% of the local population is Chinese in origin (Statistics and Census Service, 2006). Research on the behavior of Chinese casino patrons indicates that they take high risks while gambling (Ozorio and Fong, 2004; Vong, 2007) and have the tendency to seek stimulation and the opportunity to make money through risk-taking. Table games are generally considered to be more exciting and stimulating, and thus to be a better option for profit-seeking risk-takers (Vong, 2007). These behavioral characteristics may partly explain the preference for table games over slots in Macau casinos, but the issue requires further research.

Many studies of slot performance and the factors leading to better slot business have been conducted in the Western context (Christopherson and Weatherly, 2006; Lucas and Brewer, 2001; Lucas et al., 2004; Lucas and Roehl, 2002), with little research carried out in Asia, including Macau, which has a very different customer base from casinos elsewhere. This study fills the research gaps in this area by exploring the factors that discourage slot play in Macau's casinos. Besides, to attract more players to participate in slots in fact tie in with the Macau government's vision to turn Macau into a leisure and entertainment city (Macao SAR Government, 2008:14). The managerial implications that we derived from the study findings will help casino operators to better understand why many Chinese customers do not choose slots, thus allowing them to

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**Table 1**  
Revenues generated from different types of games in Macau casinos (US\$ million) (2002–2009).

Year	2002	2003	2004	2005	2006	2007	2008	2009
Total casino revenue	2772	448	646	5756	7078	10,378	13,596	14,921
Baccarat VIP	2043	2772	37,229	3608	45,979	6970	9222	9979
Slot revenue	29	30	80	156	257	449	708	813
Slot % to total revenue	1.04%	0.82%	1.55%	2.71%	3.63%	4.33%	5.21%	5.45%
VIP % to total revenue	73.67%	77.35%	71.98%	62.68%	64.96%	67.17%	67.82%	66.88%
Mass market % to total revenue	26.33%	22.65%	28.02%	37.32%	35.04%	32.83%	32.18%	33.12%
Slot % to mass market	3.96%	3.63%	5.52%	7.27%	10.35%	13.18%	16.18%	16.45%
No. of gaming tables <sup>a</sup>	339	424	1092	1388	2762	4375	4017	4,770
No. of machines <sup>a</sup>	808	814	2254	3421	6546	13,267	11,856	14,363
Yearly revenue/table	8.1	8.4	4.7	4.0	2.5	2.3	3.2	2.9
Yearly revenue/machine	0.036	0.036	0.035	0.046	0.038	0.034	0.06	0.056

Source: Gaming Inspection and Coordination Bureau (2009).

MOP\$1 = US\$8.

<sup>a</sup> As of the end of the year.

improve their slot business. Consequently, they may help the city to develop into a leisure and entertainment destination.

## 2. Literature review

The existing literature on the factors that contribute to slot machine performance is fragmented. Some studies discuss the impacts of the servicescape on slot players' level of satisfaction (Lucas, 2003; Wakefield and Blodgett, 1996), whereas others focus on how differences in gender (Delfabbro, 2000; Potenza et al., 2001), gambling motivation (Campbell, 1976; Moodie and Finnigan, 2005), and culture and betting behavior (Ozorio and Fong, 2004; Vong, 2007) affect slot play. A framework for measuring slot performance is lacking. Hence, this literature review has two aims. First, by surveying the relevant slot literature, it seeks to develop a framework that can be used to measure slot performance. Second, by examining the literature on the motivations of Chinese gamblers, especially their choice of games, it helps to develop the study's objectives and hypotheses.

### 2.1. Literature review: factors contributing to slot performance

The existing literature on slot play and performance can be categorized into five main themes: (1) the servicescape, (2) gambling motivation, (3) gender differences, (4) game characteristics, and (5) service provision.

#### 2.1.1. Servicescape

Much of the research on the performance of slot machines focuses on the casino servicescape and design, and identifies a direct correlation between the two. For instance, Wakefield and Blodgett (1996) find that the general attractiveness of the environment, particularly in terms of wall and floor treatments, affects the servicescape satisfaction levels of slot patrons. Lucas (2003) reports such servicescape elements as casino navigation, interior décor, cleanliness, seating comfort, and ambient conditions (i.e., lighting, temperature, and music) to have significant effects on slot patron satisfaction. Macomber (1998) argues that sight lines (or visual paths) and signs can help slot patrons to orient themselves in an unfamiliar casino setting, thus enhancing their satisfaction. Hirsch (1995) reports that the type and timing of the odors released in casinos may affect the satisfaction levels of slot customers.

Slot machine location within the casino is also important. Mayer and Johnson (2003) report that customers rate the design of the floor layout and themes as important to the overall gaming experience. Friedman (2000) points out the importance of intimacy and privacy with regard to machine location, asserting that slot patrons prefer more secluded locations over those near busy walkways or crowded areas. He demonstrates that positioning a slot machine next

to a busy aisle that is directly across from a table game pit is not a good idea. Lucas and Roehl (2002) and Lucas et al. (2004), however, report conflicting findings, arguing that slot machines should be located near a table game, pit, or major aisle to enhance visibility and access.

#### 2.1.2. Gambling motivation

Excitement is the most frequently self-reported motivation for regular slot machine play (Dumont and Ladouceur, 1990; Lam, 2007), and is regarded as being able to offset financial loss (Campbell, 1976; Moodie and Finnigan, 2005). Slot machine gambling arouses players by activating particular neurons in the posterior cingulate cortex that respond to risk (i.e., variability) (McCoy and Platt, 2005). Autonomic arousal is stronger in frequent than infrequent gamblers (Moodie and Finnigan, 2005) and in winners than losers (Wulfert et al., 2005), and can be triggered by the special features of a machine, such as bonuses (Moodie and Finnigan, 2005). A strong desire to win and the need for socialization in the gaming venue, both of which are particularly prevalent to Chinese gamblers (Lam, 2005; Hong Kong Home Affairs Bureau, 2002; Lam and Ozorio, 2008), are the other major reasons some individuals prefer table games to slots. Further discussion of Chinese gambling behavior and gambling motivations appear in the second part of this literature review.

#### 2.1.3. Gender differences

Gender differences have been identified in preferences for specific types of gaming activities. Delfabbro (2000) finds that women tend to prefer games of chance, whereas men gravitate toward games of skill, with the former seeking less variety in gambling forms than the latter. Male players favor what they term "strategic" or face-to-face forms of gambling, such as blackjack or poker, whereas female players prefer "non-strategic" and less interpersonally interactive types of gambling such as slot machines (Potenza et al., 2001). A National Research Council (1999) study carried out in Alberta, Canada finds that more men prefer card games than women (30% vs 6%), whereas more women enjoy bingo than men (76% vs 24%).

#### 2.1.4. Game characteristics

Several studies have reported that the sensory aspects of a game can influence gambling behavior. Loba et al. (2002) find that, at the end of each gambling session, the level of enjoyment among non-pathological gamblers tends to be lower when the game is fast with sound than when it is slow and silent. A decrease in the tendency to continue playing under the former conditions is also reported. These results indicate that the more complex the game, the less patrons enjoy it and the less likely they are to play again. Meyer (1986) comes to a different conclusion, however, arguing

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