Segmenting casino gamblers by motivation: A cluster analysis of Korean gamblers

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Abstract

While past research has explored why people become problem or pathological gamblers, the motivations of the broader gambling population have been largely neglected. This study examines casino gambling motivations for a sample of Korean gamblers. Specifically, this study attempts to segment the casino gambling market using a cluster analysis, and to explore differences between segments with respect to socio-demographic and behavioral variables.

A factor analysis delineated four dimensions of motivation for casino gambling: socialization/learning, challenge, escape and winning. Mean values indicated that winning money was the primary motivation for casino gamblers, followed by gambling being interesting, and for excitement, fun and other personal needs. The cluster analysis yielded four clusters: challenge/winning seekers, only winning seekers, light gambling seekers, and multi-purpose seekers. In order to further specify the profile of four clusters, each cluster was cross tabulated with external variables of casino gamblers' socio-economic characteristics and behavioral variables. Implications are discussed relative to marketing strategies, responsible gaming, and the broader lessons for gambling behavior research.

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1. Introduction

As a leisure activity, gambling has experienced multiple periods of both popularity and prohibition—occasionally at the same time (for an overview, see Reith, 2002). Worldwide, the gaming industry is expanding at a rapid pace, and as a result, gambling opportunities are also expanding. In Korea, gambling has historically been seen as a controversial social and commercial enterprise (Lee & Kwon, 1997), with a wide variety of adverse social impacts (Lee, Kim, & Kang, 2003). Given recent developments in the gaming industry in Korea (including the opening up of Korean casinos to Korean gamblers—who previously were banned from gambling in the nation's casinos), an updated analysis of gambling behaviors is necessary.

As many have noted, casino gambling has transformed into a mainstream activity, and many see it as fundamentally similar to many other recreational options (Cook, 1992). Concomitant with this change in perception has been a change in policy and behavior: as the time of writing, all but two states in the US (HI and UT) have legalized some form of commercial gambling, and according to one gaming industry estimate, 51.2 million Americans gambled in a casino in 2002

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(Harrah's Entertainment, 2003). These shifts are also reflected in consumption data: recent research suggests that more than one of every 10 dollars spent on leisure and recreation activities is spent on gambling activity (see Platz & Millar, 2001). Meanwhile, the most recent US Census Bureau data indicate that casino revenues (which is to say, the revenues generated only by legal casinos in the US) are greater than the revenues generated by sports teams and clubs; independent artists, writers, and performers; performing arts promotions; amusement parks and arcades; or museums, making the casino gaming industry a dominant force in the American arts, entertainment, and recreational scene (US Census Bureau, 2001).

The story of Korean gaming, meanwhile, presents a most interesting "laboratory" for researchers. On the Korean peninsula, 16 casinos were legalized beginning in 1967—but these casinos were solely for foreign tourists. Koreans were allowed to work in these casinos, but they were not allowed to gamble in them, due in large part to concerns about the perceived costs of pathological gambling. In 1995, a theme familiar to those who follow gaming in the US began to develop. Policymakers recognized that the area of Chongson in Korea's Kangwon province had taken a dramatic social and economic downturn after the area's coal mining economy declined. The Korean government had pursued a variety of economic revitalization approaches, but none seemed to bring about real change. Faced with this challenge, the government decided to legalize a casino that could cater to Koreans and hopefully generate jobs and revenues for the local economy. Because of the community concerns about problem gambling, however, the casino, government, community and local universities devised a number of policies designed to reduce these social costs. These important approaches will be re-visited later in this paper.

Perhaps reflecting the negative perceptions that many have had about gambling as a general activity, the majority of research on gambling behavior has focused on the negative impacts of problem gambling—and specifically pathological gambling (for overviews, see National Gambling Impact Study Commission, 1999; National Research Council, 1999; Shaffer, Hall, & Vander Bilt, 1997; Volberg, 2001). Researchers have pointed out that Western societies have arguably "medicalized" moral objections to gambling behavior through medical and psychological institutions (Bernhard, 2002; Castellani, 2000). Academic research on gambling has explored why people become pathological gamblers, rather than why gamblers in the general population choose to gamble (Jang, Lee, Park, & Stokowski, 2000).

Recently, researchers have attempted to identify motivations with a broader variety of gamblers (Cotte, 1997; Jang et al., 2000; Lee & Lee, 2003; Loroz, 2004;

Neighbors, Lostutter, Cronce, & Larimer, 2002; Park, Yang, Lee, Jang, & Stokowski, 2002; Platz & Millar, 2001; Tarras, Singh, & Moufakkir, 2000). From a business research perspective, insights on gambling motivations are obviously important for casino managers seeking to understand the customer base (Tarras et al., 2000). Furthermore, market segmentation is useful for casino managers to identify groups of customers with similar needs, to best meet the needs of their casino customers, and to develop marketing strategies accordingly (Cotte, 1997; Crompton & McKay, 1997; Park et al., 2002).

The modest aim of this study is to examine gambling motivations among the general population of Korean casino gamblers. More specifically, this paper seeks to achieve three objectives: (1) to identify the underlying dimensions of motivations for Korean casino gamblers, using a factor analysis; (2) to segment this casino gambling market with similar needs, using a cluster analysis based on the delineated motivation factors; and (3) to explore any differences between segments with respect to socio-demographic characteristics and behavioral variables.

2. Review of gambling motivation literature

In this study, gambling motivations are reviewed to determine why people choose to gamble. A review of the gambling motivation literature suggests that there are three broad approaches that attempt to explain why people become involved in gambling as a form of leisure activity.

The first approach is to view gambling motivation from a sociological perspective (Fisher, 1993; Jang et al., 2000). Because sociology at base pursues research at the level of the "group" some sociologists have sought to understand why people gamble by focusing on why social groups choose different forms of gambling. Others have taken a societal-level approach, suggesting that gamblers are motivated by a desire to escape the tedium of modern life (Jang et al., 2000).

Fisher (1993) attempts to explain young fruit machine players by presenting five typologies of gamblers: "arcade kings and their apprentices," "machine beaters," "rent-a-spacers," "action seekers," and "escape artists." The highly skilled "arcade kings" are motivated by ego-enhancement, and seek approval (grounded in their skill level) from peers. "Apprentices", meanwhile, seek to learn machine games as followers of the "arcade kings"—and hence adopt more subservient roles. The "machine beaters" are also highly skilled players, but they play alone, which suggests that their motives are not social in nature. "Rent-a-spacers" are mostly female teenagers who are motivated by gender roles within their peer group. These "participants" actually stand around