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An investigation of social casino gaming among land-based and Internet gamblers: A comparison of socio-demographic characteristics, gambling and co-morbidities

Sally M. Gainsbury [a,b,*], Alex Russell [a,b], Nerilee Hing [a]

[a] Centre for Gambling Education & Research, Southern Cross University, P.O. Box 157, Lismore, NSW 2480, Australia
[b] Brennan MacCallum Building (A18), University of Sydney, NSW 2006, Australia

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ABSTRACT

Social casino games are free-play online games that feature gambling themes, but do not payout winnings in monetary form. These games are distinct from Internet gambling; however, the cross-over between these consumer markets is not well understood. This study compared the use of social casino games among a population of 2010 Australian adult Internet and land-based gamblers who completed a nationally representative telephone survey. The most popular social casino games were poker, gaming machines and casino table games and this popularity differed by gender. Social casino game players were more likely to be younger than non-social casino game players and had more similarities with Internet than land-based gamblers. Internet gamblers were more likely to also play social casino games than land-based gamblers, and use of these games was related to high engagement with gambling. Social casino gamers were more likely to smoke and use illicit drugs, and to have higher levels of psychological distress and gambling problems compared to non-social casino game players. This study is highly significant as it is one of the first comprehensive studies to examine the relationship between social casino game play and gambling in a representative adult population. Consumer protection measures should be strengthened where social casino games are offered in close proximity to gambling and when social casino players are encouraged to migrate to gambling opportunities.

1. Introduction

In general terms, gambling refers to the staking of something of value on the outcome of an event governed by an inevitable element of chance for a reward with monetary value. During gambling, money is typically staked and won or lost either directly through cash transactions, or indirectly via chips, tokens or credits which have monetary value. However, vast arrays of social games now provide simulated gambling-themed activities, including poker, slots or gaming machines, casino card and table games, sports betting, and bingo. These social casino games are distinguished from gambling as no money (or anything of monetary value) can be won and money is not required to play (Gainsbury, Hing, Delfabbro, & King, submitted for publication). As such, these games are not legally classified as gambling or regulated as such (King, Delfabbro, & Griffiths, 2010; Owens, 2010).

Social gaming is a rapidly growing phenomenon of online games that typically operate or interact with social networking sites. Around 12% of the world's population (800 million people) are estimated to play one or more forms of online social gaming every month (Morgan Stanley, 2012). Of these, just over 20% play some form of social casino game, an estimated 173 million people, which is triple the size of the online gambling market. Most social casino games are based on a 'freemium' model which allows users to access social casino games at no financial cost and users are provided with free credits, which are reloaded periodically; however, users are able to purchase virtual currency which allows immediate play and access to enhanced features or upgrades such as new levels, game experiences, gifts, and other bonuses. Social casino games are distinguished from free-play (or practice) versions of Internet gambling provided by gambling operators, which enable customers to learn the mechanics of the game before they spend any real money, as they are based on social networking sites or stand-alone apps that interact with social networking sites (Gainsbury et al., 2013, submitted for publication). Social casino games are also typically offered as standalone games, rather than

* Corresponding author. Tel.: +61 2 6620 3928.
E-mail addresses: sally.gainsbury@scu.edu.au (S.M. Gainsbury), alex.russell@sydney.edu.au (A. Russell), nerilee.hing@scu.edu.au (N. Hing).

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as a direct promotional tool to encourage users to engage in Internet gambling.

Social casino games are among the most profitable types of social games. The social casino game market was valued at US$2.9 billion in 2013 and is forecast to rise to US$4.4 billion by 2015 (SuperData, 2013a). In contrast, the global online gambling market is estimated to be twelve times larger, valued at US$35 billion in 2012 (Morgan Stanley, 2012). This discrepancy in terms of player base and revenue demonstrates the tendency for social casino gamers to not spend any money on these games. Industry estimates suggest that only 2% of social casino gamers spend any money on a monthly basis (Morgan Stanley, 2012). There has been a large amount of convergence between the social casino gaming and Internet gambling industries in an attempt to consolidate skills and convert some of the vast number of social casino gamers to real money gamblers (King et al., 2010; Schneider, 2012).

The convergence between social casino and gambling operators can take multiple forms. Examples includes Internet and land-based gambling companies purchasing or partnering with social casino game operators, for example IGT's purchase of Double Down social casino for US$500 million and the merger of bWin and PartyPoker to create bWin.Party (Schneider, 2012). Where regulation permits, social casino game operators may begin to offer gambling opportunities on what was previously a social game. This has occurred in the UK with the launch of Bingo Friendzy and ZyngaPlus through Facebook (Schneider, 2012). Critically, although social casino games may look like a replication of a real gambling activity that can be played without spending any money, the underlying game mechanics are typically very different. For example, social casino games are typically not based on random outcomes and chance, but algorithms designed to enhance player enjoyment and encourage continued play (Sapsted, 2013). Consequentially, providing gambling based on social casino games can be very difficult as to meet regulatory requirements, outcomes of gambling must be determined randomly by chance. Therefore, when gambling operators provide social casino games, these may be offered on a separate website or mobile platform under a unique brand name as they do not replicate an Internet gambling experience. In addition to the possibility of migrating social casino gamers to gambling, the freemium model allows social casino gaming to generate revenue in its own right. For example, IGT's social casino gaming revenue grew to US$219 million, an increase of 151% from 2012 to 2013 (iGaming Business, 2013). These games also provide an opportunity for gambling operators to market their brand and engage with customers online, which is particularly important in jurisdictions where online gambling is prohibited or restricted.

The sizeable social casino gaming player base and rising market value indicate that it will have an increasing impact on the entertainment and gambling industries. As the social casino gaming market is still relatively new, having doubled in population size between 2010 and 2012 (Morgan Stanley, 2012), the cohort of social casino gamers is not well understood with very little research conducted on this population. Social casino games occupy a unique segment within the social games market, and feature a unique audience and different game mechanics to other social games and Internet gambling activities. Consequently, many questions remain unanswered including: what are the similarities and differences between social casino gamers and gamblers, why do gamblers also play social casino games, and what needs do these different games meet? From a responsible gambling and public health perspective, it is important to investigate the impact of social casino games and in particular, whether these games encourage gambling, create irrational beliefs about gambling, and the extent to which they may contribute to problem gambling. This paper will begin the process of answering these questions by drawing on a large sample of land-based and Internet gamblers. Specifically, the paper aims to compare gamblers who play social casino games to gamblers who do not and investigate demographic characteristics, Internet access, gambling behaviour, attitude to gambling, smoking, alcohol and illicit drug use, and problem gambling.

2. Literature review

2.1. Demographic characteristics of social casino gamers and gamblers

Given the size of the social casino gaming population, it is likely that there is a significant overlap between customers who use these games and those who engage in gambling. Both gamblers and social casino gamers are heterogeneous populations, although there are some demographic characteristics that appear to discriminate between these groups. Social casino gamers tend to be younger than gamblers. Surveys indicate that around one-fifth to one-third (18–32%) of US and UK social casino game players are aged under 30 years compared to just 18% of Internet gamblers and 25% of land-based gamblers (Gainsbury, Wood, Russell, Hing, & Blaszczynski, 2012; Gainsbury et al., 2013, submitted for publication; Information Solutions Group, 2011; Morgan Stanley, 2012; SuperData, 2013b; Wood & Williams, 2011). However, only a small proportion of social casino game players are estimated to be younger than 21 years of age (SuperData, 2013b).

There is evidence that social casino gamers are more likely to be women (Information Solutions Group, 2010, 2011; Morgan Stanley, 2012; SuperData, 2013b). According to Bwin.Party, which operates both social casino games as well as real money gambling, the typical social casino game player is a 35-year old woman (GamblingData, 2012). This profile is similar to some gambling markets, in particular, Internet bingo and Internet casino players as well as land-based electronic gaming machine players who are all likely to be women aged over 40 years (Church-Sanders, 2012; Delfabbro, 2008). However, Internet poker, in both its social gaming and real money formats, is a male dominated game and men are more likely to bet on sports and races, which are not popular social casino gaming activities (Church-Sanders, 2012; Delfabbro, 2008; Morgan Stanley, 2012).

There also appear to be similarities in the socio-demographic profiles of social gamers (not limited to social casino game players) and Internet gamblers. Reports indicate that approximately 40% of social game customers have obtained college degrees or higher, 35% work full-time, 25% work in professional or managerial positions, and 23% have a household income of US$70,000 or more (Information Solutions Group, 2010, 2011; Media & Entertainment Consulting Network, 2010). This profile is similar to Internet gamblers, who are likely to have university-level education, work full-time and have high household incomes (Gainsbury, Russell, & Blaszczynski, 2012; Gainsbury et al., 2013, submitted for publication; Wood & Williams, 2011). However, these results are not based on representative samples, but rather on online surveys of self-selected participants or players with one particular operator. Furthermore, the profiles of social casino gamers is less well understood so these similarities may be related to greater likelihood of Internet use for a variety of activities, including entertainment.

2.2. What impact does social casino game play have on gambling?

Social casino gamers are becoming a targeted market for Internet gambling operators given the size of this population and their interest in gambling-type activities. A survey of 1103 US social casino game player revealed that over two-thirds (68%) of players are interested in gambling, 64% of players think that Internet gambling should be allowed, and 67% would likely gamble online if this were