

## White Paper

### Social Casino Gaming on the Rise

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Starting in 1905, Las Vegas, Nevada became a gambling haven with legally run casinos. In 1988, the Indian Gaming Regulatory Act gave Native Americans protection to run gaming facilities as a means of generating revenue. Today, almost every state in the United States has some form of legal gambling, many have bricks and mortar casinos. In addition, the gambling environment also extends into our home through computers and mobile devices (WAGER, 2017). Not only can players engage in gambling online, but they can also play social casino games. Social casino games are inspired by real money versions of casino games; however, the social casino games accept a virtual currency without a real loss or gain. The different categories or types of social games are casino style, poker, slots, bingo and various other table games (Digital Journal, December 2018). The most popular social casino games are slot machines, followed by poker, roulette, blackjack, and keno (Marsh, 2018).

These games are associated with social gaming because it gives players the ability to meet new people while playing a game online. Social casino games are usually hosted on mobile apps or social networking platforms like Facebook. Research indicates that 69 percent of Americans use social media and 76 percent of Facebook users visit the site at least once a day. These trends also relate to gaming habits with 51 percent of United States mobile phone users playing games on their devices (Las Vegas Sun, 2017). In addition, various studies have examined the effects of social media on the brain, indicating screen attachment is not just cultural, but may be neurological (Las Vegas Sun, 2017, The Guardian, 2018).

There are two business models utilized in the social casino gaming industry called the freemium model and the commercial model. The freemium games present players with opportunities to make micro-transactions or purchases during the games and the commercial model depends on advertising dollars. Many in the gambling and gaming industry were surprised to find players were willing to buy virtual coins with getting nothing in return (Digital Journal, December 2018). This pay to play method within the freemium model allows players to get more coins quickly, gives players options to advance in levels, or gives other bonuses like extra spins, contest boosters, loyalty points, or early bird specials (Marsh, 2018). Developers like the popular Slotomania utilize different models to keep players engaged. They have found tournaments, leaderboards, or grinding (playing time spent doing repetitive tasks within a game to unlock a game item or build the experience) are advantageous in creating player engagement and loyalty (Tandon, 2017).

The global social casino market is expected to increase at high growth rates from 2018-2022 because of the rising number of social media users, growing global population, increased internet use, emerging smartphones, and growing gaming traffic (Digital Journal, December

2018). In 2016, the global social gambling market's reported value hit \$7.97 billion and is projected to reach \$19.1 billion by 2022 (Las Vegas Sun, 2017).

Gambling and gaming industry business leaders describe social casino games as “a phenomenal tool” that extends “the house” to an online platform and creates a deeper relationship with customers. It can also increase and drive visitation to the casino floor. A study by Game Account Network that took place over nearly eight years across six major United States casinos showed an average of 28 percent uptick in traffic to their properties from increased visitors who also engage with the social casino gaming platforms. Additional research shows 82 percent of social casino gamers visited a land-based casino within the past year, and 60 percent have visited a land-based casino in the past six months (Preston, 2018). Casinos can market to and engage social casino audiences with highly targeted digital tactics from push messaging, geo-fencing, in-app purchases, and email campaigns. Strategies such as utilizing streaming methods to produce live games or giving players chances to win trophies or charms, gives the players social status in the online world (Preston, 2018). Similar to social media platforms, the uncertainty, anticipation, feedback, and rewards can create psychological dependencies and etch the products into the lives of the players (The Guardian, 2018).

The problem gambling treatment and prevention world must meet this emerging trend with an increase in targeted treatment, education, and outreach. Social casino games are not regulated, giving developers the opportunity to provide better odds for players, embellish payouts, and provide large bonuses. This can misinform players about how gambling actually works by building illusions of control (Gainsbury, 2015). Recent research in Canada indicates adolescents that utilize social casino games not only gamble on monetary casino sites, but they also exhibit higher rates of problem gambling than those adolescents that do not utilize these social casino gaming platforms (Elton-Marshall, 2018). Multiple studies have shown that individuals who engage with simulated gambling games or practice games are more likely to gamble than those who do not. In one study, 20% of adults and adolescents who played on free ‘gambling’ sites moved to online commercial gambling, and 16% of adults and 25% of adolescents moved from commercial to free gambling. The primary motivator was money. People moved from games to commercial gambling in an attempt to win money, and people moved from gambling to games as a way to avoid spending money (Gainsbury, 2015).

Adolescents are also engaging in the social gaming world and the players that excel have millions of online viewers that watch them play games online. This new genre has been labeled “esports” and has grown to such an extreme that winners of esports tournaments can win millions from commercial sponsors. These tournaments are broadcasted online and can also fill up stadiums or convention centers, indicating that the virtual gaming world is becoming a big part of our culture (Rovell, 2016). The social game industry utilizes the same psychological principles and micro-transactions that are found in casinos (Pu, 2018). These strategies keep gamers playing and spending money, which consequently has created the need for the DSM-5

and the World Health Organization's added diagnosis of Internet Gaming Disorder (Zendle, 2018).

The social casino gaming industry demonstrates the demographic that engages in these games are 70 percent female with an average age of 39 (Preston, 2018). Not only does this demographic dominate the social casino gaming world, but women of all ages are also dominating the social gaming world. In fact, women age 18 and older represent a higher percentage than boys under the age of 18 playing these social games online (Essential Facts about the Computer and Video Industry, 2017). An even deeper discovery in research shows some at-risk gamblers are turning to social casino games to escape their problems or negative feelings (Gainsbury, 2017).

The gambling landscape in general is beginning to evolve to allow for women to become more interested in gambling. Research indicates that there has been a "feminization" of gambling and problem gambling in the United States that is linked to the increased availability of gaming machines that are operated in places women feel safe such as restaurants, social clubs, hotels, and convenience stores (Volberg, 2003). The gap between the number of male and female problem gamblers is closing. As more Indian and local casinos with slot machines are added, the number of female problem gamblers increases throughout the country (Bortz, 2013). In addition, prevalence rates for men and women are nearly identical in areas where gambling machines are frequented by women (Volberg, 2003). The Productivity Commission in Australia noted that women problem gamblers grew from 14 percent to 41 percent between 1991 and 1999, which coincided with the number of increasing gaming machines (Volberg, 2003). Across the board, women seeking help for gambling problems are much more likely to have experienced difficulties with gaming machines than with any other type of gambling (Volberg, 2003).

The increased number of women and adolescents utilizing social casino games should be of concern to problem gambling professionals around the globe. Targeted treatment, education, and outreach is needed to meet these emerging trends. This means more funds need to be allocated to these efforts. Currently, there is little to no awareness of the dangers of social casino games and social games.

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