

**MINNESOTA CASINO GAMBLING AND
DISCRETIONARY INCOME SHIFTS:
PRELIMINARY RESULTS**

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MINNESOTA CASINO GAMBLING PATTERNS AND DISCRETIONARY INCOME SHIFTS: PRELIMINARY RESULTS

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Background

The Tourism Center purchased four questions on the 1992 Minnesota State Survey of adult Minnesota residents conducted October through December by the Minnesota Center for Survey Research, University of Minnesota. The questions dealt with frequency of casino gambling, whether gamblers stayed overnight, shifting discretionary spending for various expenditure categories, and income changes. A seventy-one percent response rate was achieved in a random sample of households; 805 telephone interviews were completed. The sampling error is ± 3.5 percentage points, and the sample is considered generalizable to the entire state. The gambling questions are considered to be part of a preliminary investigation; there are limitations due to the personal sensitivity of the subject, rapid changes in the gambling industry, and recall bias.

HOW MANY MINNESOTANS GAMBLE?

Fifty percent of Minnesotans sampled reported visiting a gambling casino somewhere in last two years (405 persons); **forty-five percent had specifically visited a Minnesota casino in the last year.** This latter figure compares with a 1992 CURA (Center for Urban and Regional Affairs, UM) report that showed 21 percent of Minnesotans participated in casino gambling on an Indian reservation. The portion of residents who engage in casino gambling thus has doubled in the last year.

ARE GAMBLERS DIFFERENT FROM NONGAMBLERS?

Statistical runs were done comparing social descriptor and demographic variables such as residence (metro/greater MN), gender, age, education, income, marital and work status for gamblers and nongamblers. The **only** statistically significant difference found was that gamblers were less likely to have children (60 percent had no children under 18 years of age living at home); fifty-two percent of the gamblers reported no children in the household. Further data analysis did not indicate any other statistically significant differences between the groups. In other words, **gamblers and nongamblers were no different.** Note

that those who had not gambled at a casino in the last two years were now dropped from any further analysis; the following statistics refer only to the 405 individuals with a "history" of some casino gambling.

HOW OFTEN HAD RESIDENTS VISITED MN CASINOS IN THE LAST YEAR?

Figure 1. displays frequency of visits to Minnesota casinos in the last year. The number of visits ranges from 0 - 120 (i.e. every third day). When valid cases are considered, the average number of visits is three. However, one is the number of visits most often reported, and the number at which half the respondents fall above and half fall below (median), suggesting the frequency distribution is skewed to the left with many casual recreational gamblers. This is in fact confirmed by the following statistics:

- ◆ Ten percent did not visit MN casinos in the last year, but did visit once in the previous two years.
- ◆ Sixty percent visited once or twice in the last twelve months ("light gamblers").
- ◆ One quarter visited 3-8 times ("moderate" gamblers).
- ◆ Six percent visited 10 or more times ("heavy" gamblers).

Such a distribution could be interpreted to mean that at present there is a significant amount of "sampling behavior," where residents visit a casino "to see what it's like" but do not continue to gamble regularly. Alternatively, we do not know if increasing frequency of visitation (last year CURA report vs. this study), translates to regular gambling. Again, the lack of established patterns and lack of maturity in the industry make interpretation problematic.

DO MINNESOTANS STAY OVERNIGHT WHEN THEY GAMBLE AT MN CASINOS?

At this point, the majority of Minnesotans are not utilizing overnight accommodations when they visit an in-state casino. Only **fourteen percent of the respondents indicated they stayed overnight on their last casino trip; 86 percent did not.** Level of gambling, categorized as light/moderate/heavy depending on how many casino trips were taken last year, was not linked to whether or not the respondent stayed overnight.

HOW HAVE MINNESOTA GAMBLERS CHANGED THEIR DISCRETIONARY SPENDING?

Table 1. displays whether or not Minnesota gamblers have made various discretionary spending choices, and if they participated,

whether spending in 1992 was higher, the same or lower in that category as compared to 1991 expenditures. The activity with the lowest participation (26 percent) was out-of-state casino gambling, suggesting that most Minnesotans do not regularly travel to Nevada, New Jersey, South Dakota or Wisconsin among possible locales, for casino gambling, but rather have initiated gambling behavior here in Minnesota. Taking short non-business getaway trips occurs more frequently than taking a primary vacation; almost one-quarter of residents did not take a main vacation trip.

With regard to discretionary spending:

- ♦ The activity where the highest percentage reported spending **more** was Minnesota casino gambling, obviously due in part to expanding options.
- ♦ At the other extreme, only one in five respondents answered that they spent **more** on leisure and entertainment, perhaps indicating this is where consumers "hold the line" in recessionary times.
- ♦ Both types of travel spending (vacations and getaways) were distributed roughly equal - one-third up, one-third the same, and one-third down.
- ♦ Almost half of the state's residents indicated they had made comparatively **stable** dollar expenditures for eating out at non-casino restaurants in the last two years.
- ♦ Forty percent reported spending **less** on out-of-state casino trips, suggesting a tendency by some to "stay home" when casino gambling options existed closer to their residence.

One hypothesis, of course, is that discretionary spending is dependent on whether annual household income has increased, decreased, or held constant. When expenditure patterns are cross-tabulated by income changes, two spending activities - **leisure and entertainment, and eating out - are shown to have a direct and statistically significant correlation (.05 level) to income shifts.** That is, as income went up, spending in these categories increased; when income decreased, spending in these categories declined. The other categories did not exhibit the same pattern.

DOES LEVEL OF GAMBLING EFFECT DISCRETIONARY SPENDING?

It is likely that how often people gamble at casinos influences whether their discretionary spending is up, down or constant. Sixty-nine percent of Minnesota casino gamblers were grouped into

"lighter" gamblers; those remaining who had gambled three or more times were called "moderate/heavier" gamblers. Analyses were conducted to test for differences between these two groups with regards to spending for out-of-state casino gambling, vacation and getaway travel, eating out, and leisure/entertainment. In each case, **no statistically significant difference was found** (see attached graphs); the minor differences noted could have been due to chance alone. Note, however, that there again appears to be a trend that heavier gamblers spend less on out-of-state casino gambling trips; interpretation is complicated by a small sample size (n=106).

DOES PARTICIPATION IN CASINO GAMBLING EFFECT OTHER DISCRETIONARY SPENDING PATTERNS?

Another assumption tested was that increased Minnesota casino gambling has negatively impacted spending in other discretionary categories. In effect, it was hypothesized that as residents spent more on in-state casino gambling, they spent less on visiting casinos in other states, travel, eating out, and other leisure and entertainment. This relationship did not hold true in any case; there was **no linkage between casino spending and other expenditure shifts**.

Interpretation Notes

Considering resource availability and time pressures, the intent of the study was to get a "snapshot" look at gambling and discretionary spending patterns. Study limitations include the fact that respondents may have biased results by giving socially appropriate answers to a sensitive subject. Secondly, with the rapid change in the gambling environment (e.g. new casinos, new marketing methods such as increased availability of packages), this information could quickly become outdated. Lastly, there may be a recall bias in that respondents were asked to describe behavior that occurred up to two years ago and may have been difficult to remember. These study limitations could be overcome by long-term, monitoring research that might use surveys, focus group interviewing, and self-reporting diaries to help understand complex consumer decisionmaking behavior and assessment of tradeoffs.

2/9/93

SUMMARY OF FINDINGS

- ▶ PERCENT OF MINNESOTANS WHO CASINO GAMBLE HAS INCREASED TO 45%. MOST ARE CASUAL "RECREATIONAL" GAMBLERS WHO VISITED A CASINO ONCE OR TWICE.

ISSUE: WILL THEY CONTINUE LOW PARTICIPATION RATES/"DROP OUT", OR BECOME MORE FREQUENT GAMBLERS WITH ASSOCIATED DISCRETIONARY SPENDING IMPLICATIONS?

- ▶ THE VAST MAJORITY OF STATE RESIDENTS DO NOT PRESENTLY STAY OVERNIGHT WHEN THEY VISIT A CASINO.

ISSUE: UNKNOWN IMPACT OF EXPANDED AVAILABILITY OF ONSITE LODGING ACCOMMODATIONS.

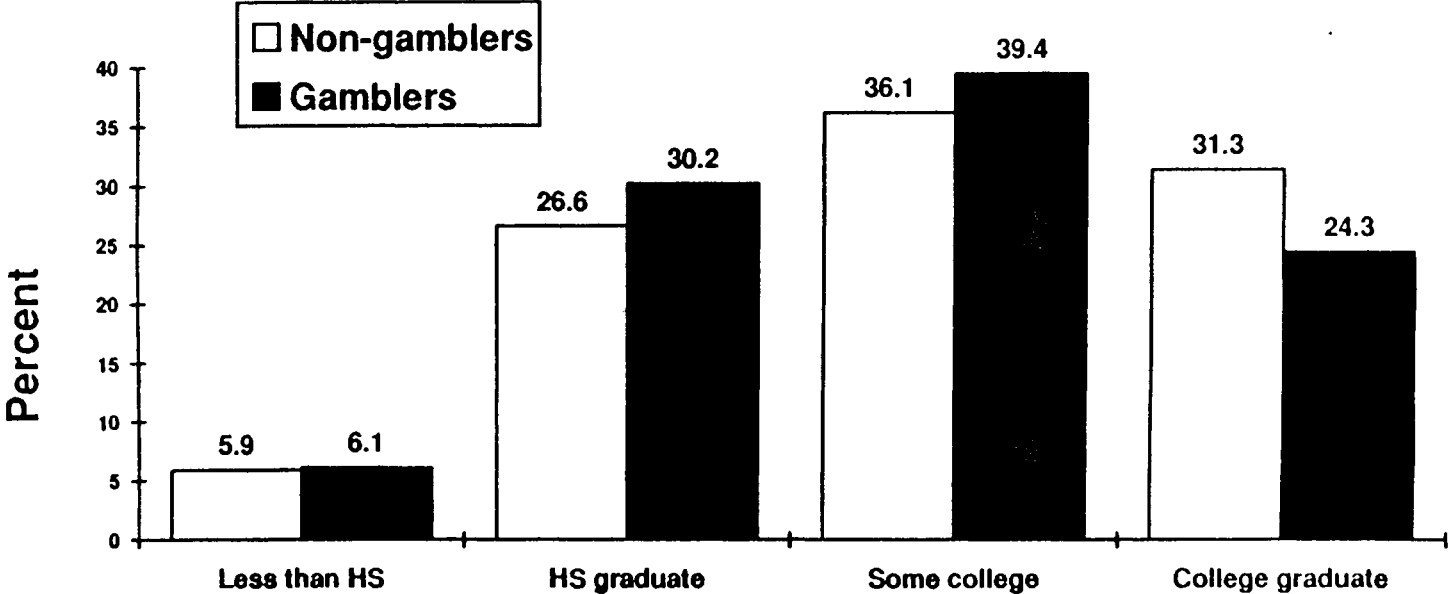
- ▶ ANNUAL HOUSEHOLD INCOME SHIFT (↑, ↓, ↔) IS A SIGNIFICANT EXPLANATORY FACTOR LINKED TO LEVEL OF SPENDING AT NONCASINO RESTAURANTS.

ISSUE: ARE SHIFTS TAKING PLACE BETWEEN EATING OUT AT NONCASINO VS. CASINO RESTAURANTS? WHAT FACTORS INFLUENCE RESTAURANT CHOICE AND FREQUENCY OF EATING OUT?

- ▶ THERE IS SOME EVIDENCE THAT A SMALL PROPORTION OF MORE FREQUENT GAMBLERS IN MINNESOTA SPENT LESS ON OUT-OF-STATE CASINO GAMBLING TRIPS.

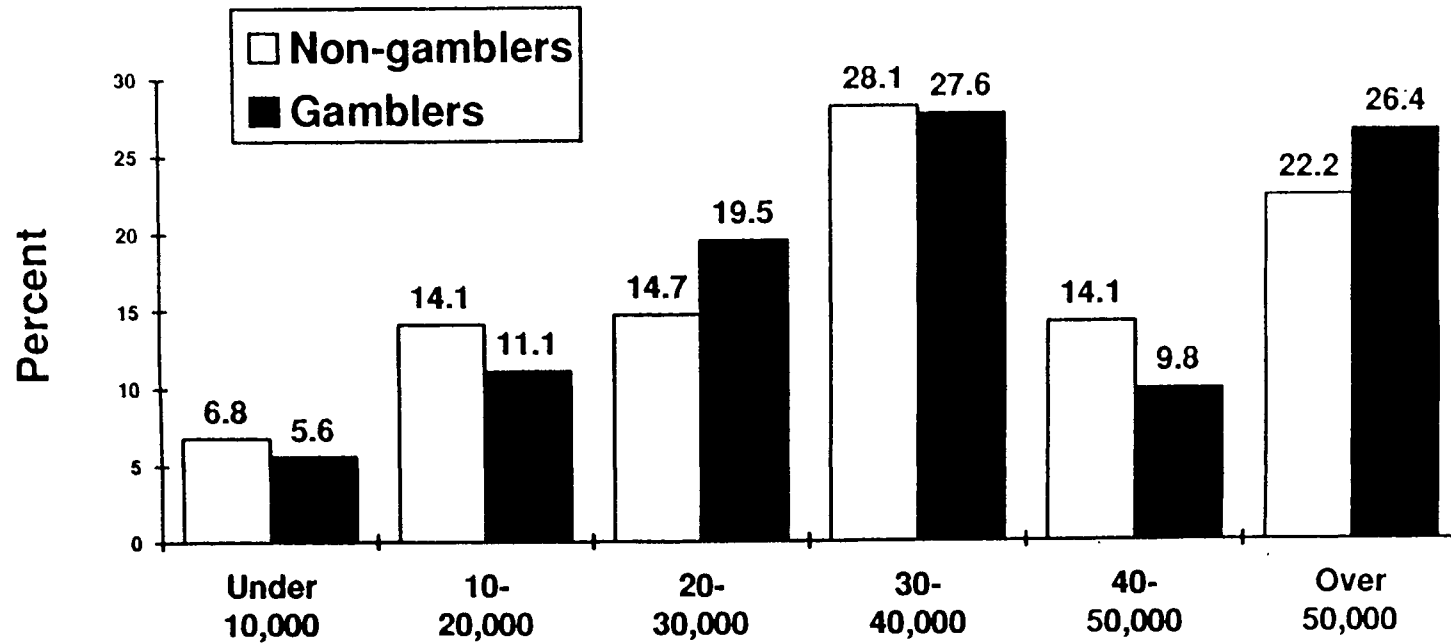
ISSUE: DETERMINE HOW MUCH REVENUE STAYS IN THE STATE DUE TO DEFERRED OUT-OF-STATE CASINO GAMBLING TRIPS?

Education of Non-gamblers vs. Gamblers



Source: Tourism Center
Minnesota Extension Service
University of Minnesota

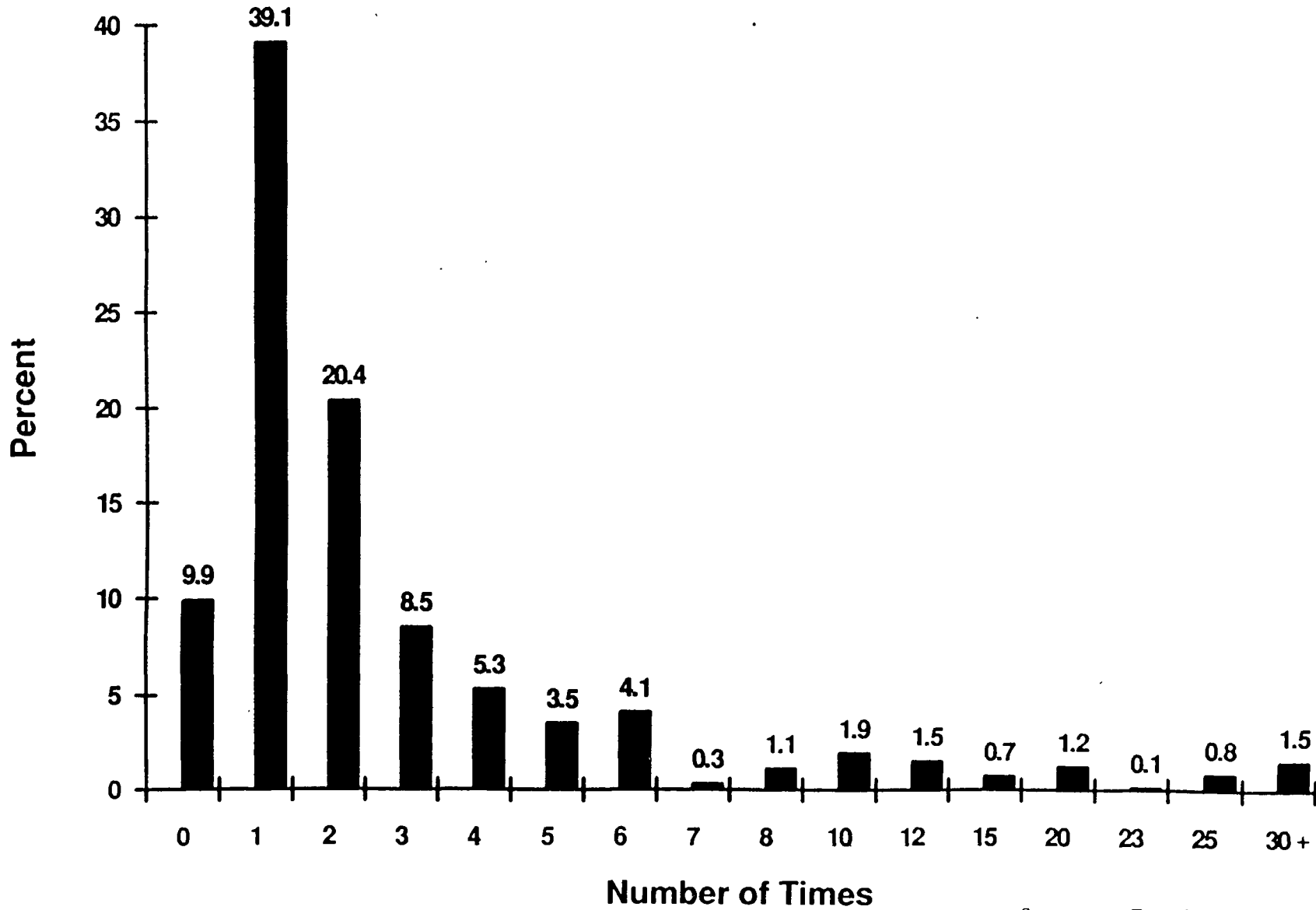
Income of Non-gamblers vs. Gamblers



Source: Tourism Center
Minnesota Extension Service
University of Minnesota

Figure 1.

Number of Times Visited Minnesota Casino in Last Year



Source: Tourism Center
Minnesota Extension Service
University of Minnesota

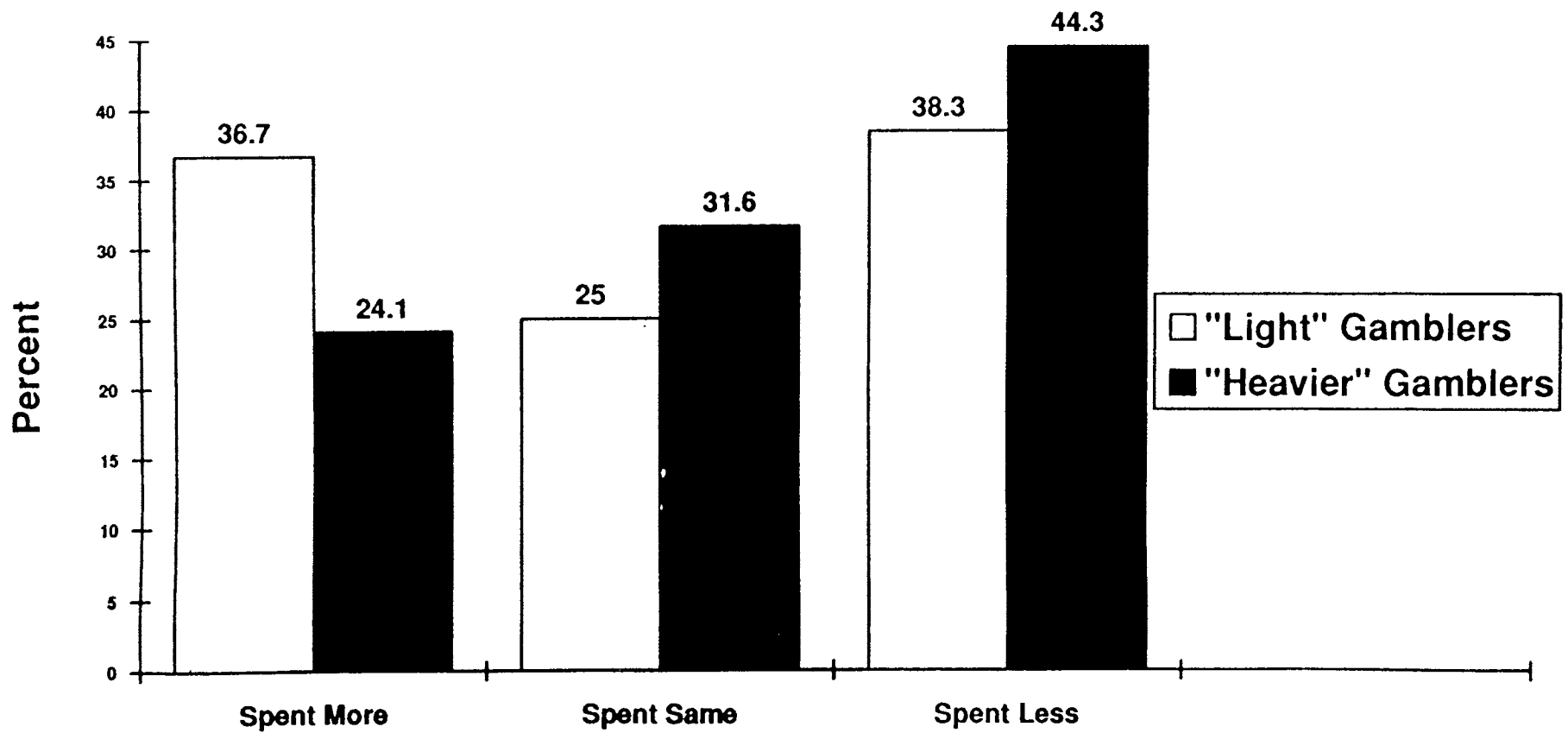
Table 1.

**DISCRETIONARY SPENDING PATTERN SHIFTS FOR
CASINO GAMBLERS
1992 Compared to 1991**

	Percent Participated	% Spent More	% Spent Same	% Spent Less
Take trips to MN casinos	90	44	30	26
Take trips to casinos in other states	26	31	28	41
Primary main vacation	77	37	35	28
Other overnight non-business trips (e.g. getaways)	85	33	35	23
Eating at non-casino restaurants	94	31	46	23
Other non-travel leisure and entertainment (e.g. arts, sports)	94	22	45	33

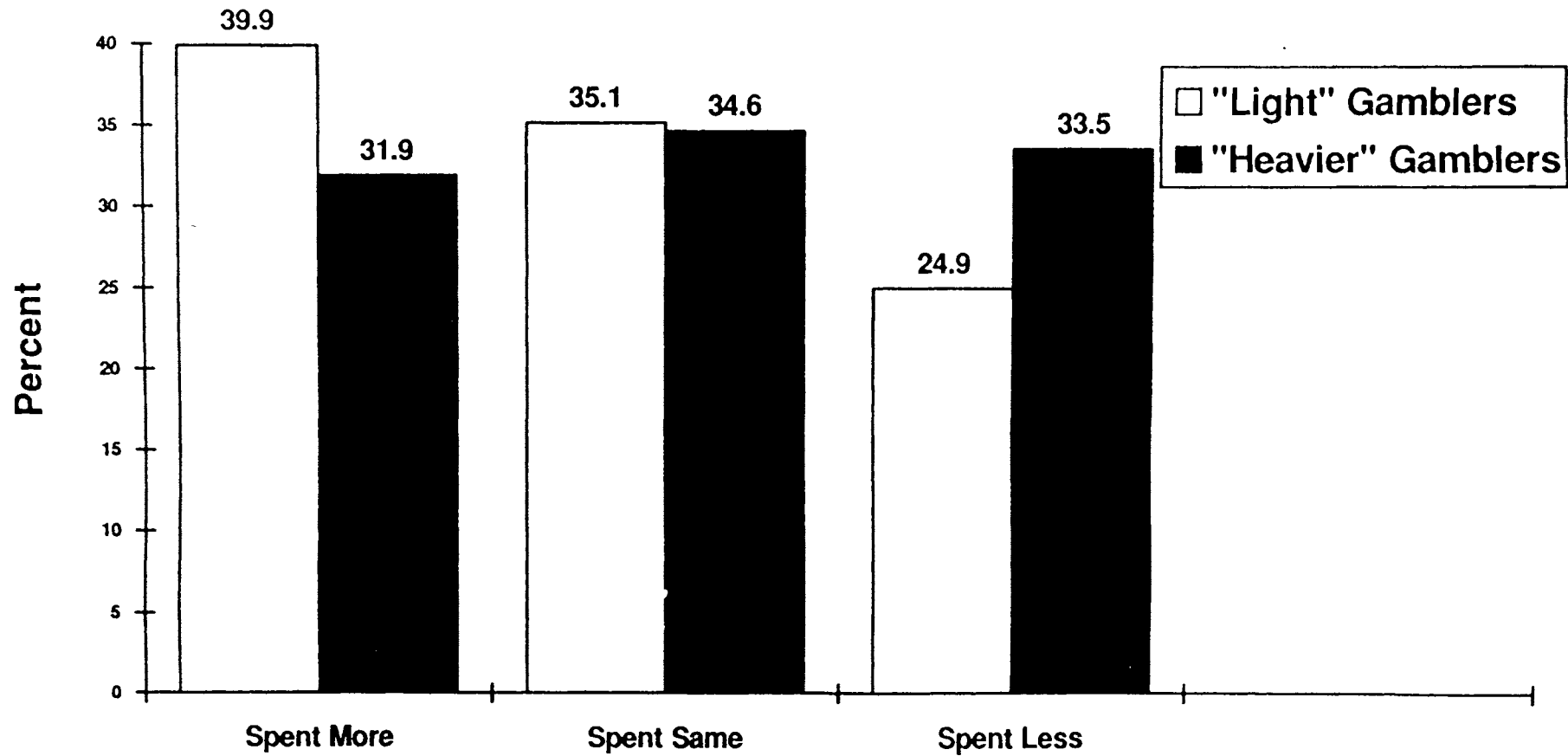
**Source: Tourism Center
Minnesota Extension Service
University of Minnesota**

Trips to Non-Minnesota Casinos 1992 vs. 1991



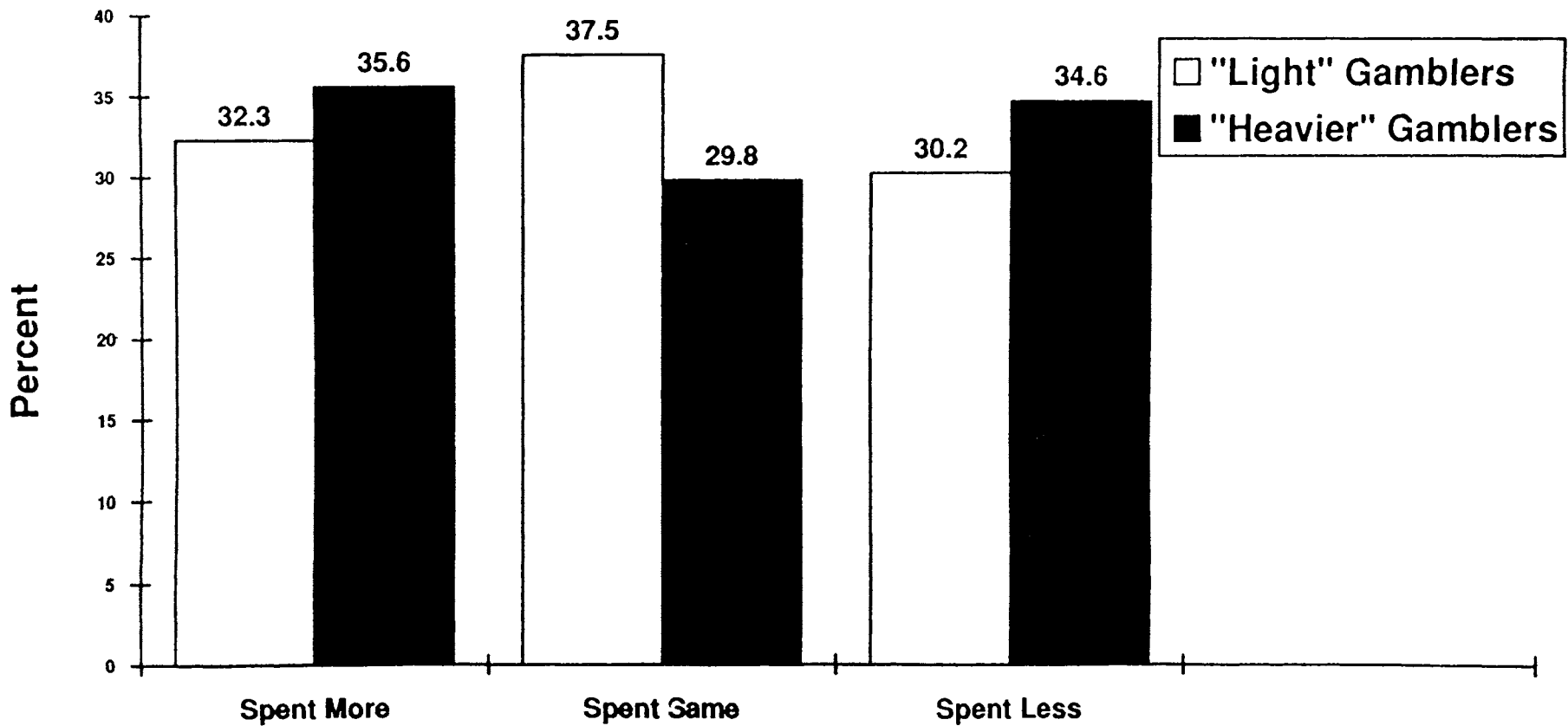
Source: Tourism Center
Minnesota Extension Service
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Spent On Primary Vacation 1992 vs. 1991



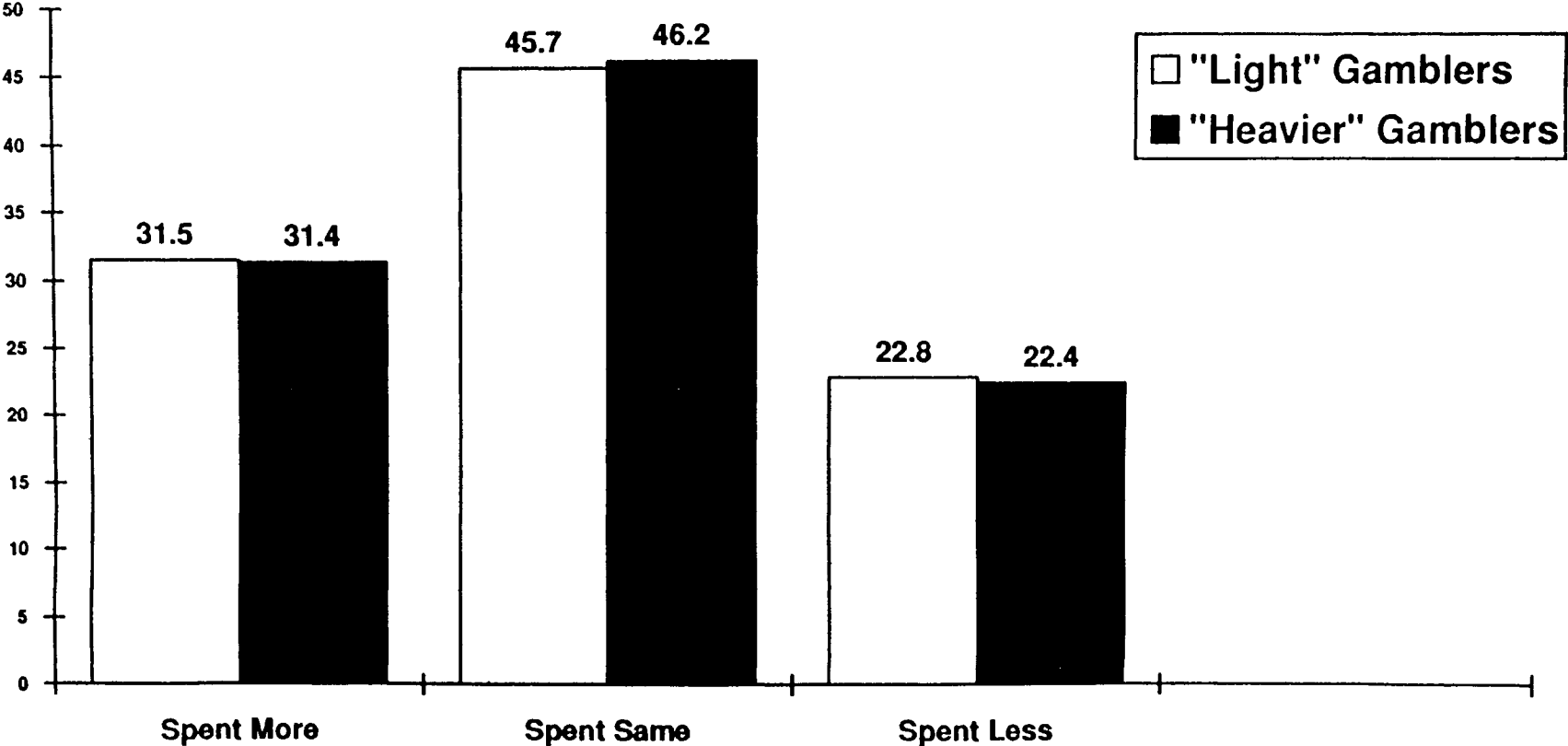
Source: Tourism Center
Minnesota Extension Service
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Spent on Non-business Getaway Trips 1992 vs. 1991



Source: Tourism Center
Minnesota Extension Service
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Eating At Non-casino Restaurants 1992 vs. 1991



Source: Tourism Center
Minnesota Extension Service
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