

Internet Gambling in Nevada

Prepared by the

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TABLE OF CONTENTS

| | |
|--|-----------|
| EXECUTIVE SUMMARY | 2 |
| INTRODUCTION AND LITERATURE REVIEW | 6 |
| METHODOLOGY | 11 |
| RESULTS | 15 |
| Demographics of the Telephone Sample | 15 |
| Land-based Gambling Patterns | 18 |
| Online Gambling Opinions and Patterns | 24 |
| Final Online Gambling Portraits | 60 |
| CONCLUSIONS | 77 |
| REFERENCES | 82 |
| APPENDIX A: ONLINE GAMBLING SURVEY INSTRUMENT | 85 |

EXECUTIVE SUMMARY

This report summarizes the findings of the first research project to focus on internet gambling behaviors and attitudes in the state of Nevada. It provides quantitative and qualitative research-based insights on the following key questions:

- *What are the prevalence rates for online gambling among Nevadans?*
- *What are the reasons behind Nevadans' choice to gamble online – or not to gamble online?*
- *What are the demographics associated with Nevadans who gamble online?*
- *To what degree is Nevadans' online gambling affecting their land-based gambling?*
- *To what degree are Nevadans confident in the integrity of online gambling?*
- *To what degree do Nevadans anticipate changing their behaviors should online gambling be licensed and regulated?*

For the quantitative component of this study, Strategic Surveys conducted a random digit dialed (RDD) telephone survey of 1,000 Nevada residents. The questionnaire was based upon questions given to the research team by the study sponsor, the Nevada Gaming Control Board. The findings from this component of the project allow us to accurately assess prevalence rates of online gambling in the state, and to provide a number of other macro-level insights on the nuances of online gambling here.

Because so little research has been conducted on internet gambling, the research team deemed it important to supplement this quantitative analysis with qualitative inquiries. These inquiries allowed for internet gamblers (and non-internet gamblers) to speak openly and in greater detail, instead of providing answers in categories predetermined by the research team. For the qualitative component of this study, focus group participants were recruited from the random list of telephone survey participants, as well as from community announcements in Southern Nevada. Two focus groups examined these issues with individuals who had gambled online and with individuals who had not gambled online. In addition, to further ensure confidentiality, in-depth one-on-one interviews were conducted with online gamblers. In total, 27 individuals

(including 18 online gamblers) participated in the in-depth qualitative research. The next sections summarize the findings of this report.

What are the prevalence rates for online gambling among Nevadans?

In a representative sample of 1000 Nevadans, 3.7% of the state's residents indicated that they have gambled online in the past five years. Though measurement differences make it difficult to generate parallel comparisons with previous research (an issue that has challenged the young field of gambling studies since its inception), this rate appears to be consistent with previous comparable estimates in the U.S.

Beyond this basic prevalence rate, this research uncovered a number of other interesting findings. It appears that poker stands as the dominant game of choice among the online gamblers we studied, with sports wagering a distant second. When asked about their favorite locations to gamble, casino environments remain the overwhelming favorite among Nevada's gamblers (85%), and online environments lag far behind (at just under 1%). This indicates that online gaming environments still have a long road ahead if they wish to challenge the popularity of land-based gaming environments in Nevada.

What are the reasons behind Nevadans' choice to gamble online – or not to gamble online?

Both "convenience" and "enjoyment" were cited by the largest proportion of internet gamblers in the quantitative and qualitative settings, with many citing the opportunity to win money as well. Qualitative data revealed reasons that had not been included in the predetermined categories of the telephone survey, including the relatively low cost of online gambling, and the opportunity to learn and teach gambling skills online. Also in the qualitative settings, it became clear that for many who had moved to the state recently, online gambling became less appealing than it was when they lived in an area without significant access to traditional gaming outlets.

Meanwhile, for the vast majority of survey participants who had not gambled online, most simply stated that the activity did not interest them. Technology played a role for a sizable minority who cited a lack of access or internet savvy as the obstacle that kept them from wagering online, while a small percentage also pointed to privacy

concerns. Importantly, both online and non-online gamblers cited underage gambling and problem gambling as primary social concerns with the activity.

What are the demographics associated with Nevadans who gamble online?

Overall, online gamblers who participated in the statewide survey tended to be younger, male, wealthier, and better educated than those who have not gambled online. Strikingly, this finding is very much consistent with previous research suggesting that those who adopt new technologies in general tend also to be younger, male, wealthier, and better educated. Other researchers in new technologies suggest that early adopters play a key role in moving these technologies to the point of critical mass – or what Malcolm Gladwell termed “The Tipping Point” in his bestseller of the same name. Time, policy, and the market will tell whether our 3.7% of “early adopters” of internet gambling technologies will prove similarly influential in spreading internet gambling.

To what degree is Nevadans’ online gambling affecting their land-based gambling?

The answer to this question appears to be “not much,” at least for the majority of respondents. Four out of five online gamblers surveyed said that gambling online had not affected their gambling in conventional settings. In the qualitative settings, we explored these issues with greater depth, and while some certainly indicated that they gambled less in physical environments when they were indulging in virtual ones, in general the consensus appeared to be that online gamblers tended to play in both settings – perhaps depending upon their mood or type of game desired. Overall, the evidence suggests that gambling is a dynamic and multifaceted behavior, and that the virtual/physical choice is not necessarily mutually exclusive.

To what degree are Nevadans confident in the integrity of online gambling?

To this inquiry, the general consensus of Nevadans appears to be “not very confident” – though again, further exploration of this issue revealed complexities beneath the surface. Sizable majorities of Nevadans indicated that they had concerns about websites and other online gamblers cheating in the online environment. When exploring these issues in the qualitative settings, it became clear that confidence varied depending

upon the game of choice. For instance, online poker players were not concerned with the ability of websites to cheat them, but they were definitely convinced that collusion took place among other gamblers at virtual poker tables. Many felt that with a game like blackjack, which pitted online gamblers against the house, the chances of the house dealing from an unfair deck increased.

To what degree do Nevadans anticipate changing their behaviors should online gambling be licensed and regulated?

Although Nevadans overall claimed that these kinds of shifts would not affect their personal gambling behaviors, this exploratory research revealed interesting and diverse patterns. Nearly nine out of ten Nevadans who had not gambled online said that they were “not at all likely” to participate in online gambling if the state licensed and regulated the activity. In the qualitative settings, many who did not gamble online opined that while these policy shifts would not affect them personally, it would certainly alter the gambling landscape overall. Meanwhile, qualitative responses among online gamblers were mixed, with some saying that these changes would have no effect, as they were already playing online, and others indicating that they currently harbored strong concerns about both the legal status and the unregulated nature of the activity – and hence would feel more comfortable gambling online if Nevada moved in this direction.

In conducting this research, it became quite clear that events contemporaneous with our work may be having chilling effects on the patterns of online play. Arrests of high-profile online gambling executives, vigorous anti-internet gambling activity on Capitol Hill, and the shutdown of several sites (and the consequent freezing of gambling assets in some online settings) clearly haunted online gamblers who participated in the qualitative research component of this project – and may have influenced the thoughts and behaviors of those who participated in the survey as well. Ultimately, this research appears to have captured an interesting point in time, and at the very least, these findings underscore the highly dynamic and rapidly evolving world of online wagering today.

INTRODUCTION AND LITERATURE REVIEW

The first online casinos appear to have started operating in 1995, with sites that originally allowed “free play” with imaginary money. Very quickly, however, entrepreneurs and governments alike recognized the economic potential of the medium, and began to offer prizes and prize money. Almost immediately, the enterprising Caribbean nation of Antigua arrived upon the internet gambling scene, and indeed would play the role of a major protagonist (and to some, an antagonist) throughout the history of internet wagering in the United States and beyond (Schwartz, 2005).

In the beginning, sports books proved a natural fit for the online environment, wedding real-time technology with a sports betting world that thirsted for up-to-the-minute information and betting opportunities. Of course, ultimately the online gambling world expanded to encompass virtually every imaginable gambling activity – and a few gambling activities that had probably never been imagined by any conventional casino operator. By 2001, a *New York Times* article entitled “A Casino on the Desktop” claimed that the activity had reached striking proportions, with about one million Americans gambling in the online environment every single day (Richtel, 2001).

This popularity led to increased attention from U.S. lawmakers, as American players allegedly constituted a significant portion of online gambling expenditures, and in a way that was practically ungoverned (or at least untaxed and unregulated) by any U.S.-based entity. Increasingly, the online gambling portrait has been characterized by frenzied legislative activity, equally aggressive judicial actions, widespread uncertainty on the part of players, and a roller coaster ride of profits, popularity, and prosecution for those on the operating side.

Today, online gambling stands as an internet application whose size and significance has yet to be definitively determined, and one that is certain to be profoundly shaped by policy, technology, and market developments. The dilemma confronting the United States with respect to online gambling is whether to pursue a strategy of

prohibition, or to choose to legalize and regulate online gambling in a way that balances the public interests of key stakeholders (Eadington, 2004). These trajectories have recently been embodied in policy measures such as the prohibitionist-oriented Unlawful Internet Gambling Enforcement Act of 2006, passed by the Bill Frist-led U.S. Senate, and the counter-measure recently introduced by Barney Frank (D-MA).

In the midst of all of these policy battles, internet gamblers themselves have been a largely neglected group – at least in the research sense. Even more importantly for Nevadans, no systematic research has focused specifically upon the internet gambling behaviors in the state that contains the nation’s largest land-based gaming industry. This report aims to address this gap in our understanding. It provides quantitative and qualitative research-based insights on the following key questions:

- What are the prevalence rates for online gambling among Nevadans?
- What are the reasons behind Nevadans’ choice to gamble online – or not to gamble online? What are the demographics associated with Nevadans who gamble online?
- What are the demographics associated with Nevadans who gamble online?
- To what degree is Nevadans’ online gambling affecting their land-based gambling?
- To what degree are Nevadans confident in the integrity of online gambling?
- To what degree do Nevadans anticipate changing their behaviors should online gambling be licensed and regulated?

On the important matter of prevalence, only a handful of studies have explored internet gambling rates with a representative sample. Recently, the Harvard Medical School and Cambridge Health Alliance’s Division on Addictions summarized the state of online gambling prevalence research in its newsletter *WAGER* (see Figure 1 below). Notably, of the ten studies that this group found that presented online gambling prevalence rates, only two (AGA, 2006; Welte et al., 2002) focus on the general U.S. population, and only one of those (Welte et al., 2002) can be found in the peer-reviewed

literature. Taken together, we might infer from these two studies that the rate of internet gambling among Americans falls somewhere between 0.3% and 4%.

Figure 1. *WAGER* summary of online gambling prevalence rates

| Study | Sample | Method | Internet Gambling % (n) |
|----------------------------|---|-----------------------------------|-------------------------|
| AGA (2006) | U.S. representative (N=800) | Telephone survey Past year | 4%(32) |
| Griffiths (2001) | U.K. representative (N=2098) | Interview Lifetime | 0.2%(5) |
| Ialomiteanu & Adlaf (2002) | Ontario representative (n=1,294) | Telephone survey Past year | 5.3%(70) |
| LaBrie et al. (2003) | US college students representative (N=10,275) | Questionnaire Past school year | 2.5%(265) |
| Ladd & Petry (2002) | CT free/reduced-cost healthcare seekers (N=389) | Questionnaire Lifetime | 8.1%(31) |
| Meerkerk et al. (2006) | Netherlands heavy Internet users§ (N=447) | Online survey Current | 2.5%(11) |
| Petry & Mallya (2004) | CT health center employees (N=904) | Questionnaire Lifetime | 1.2%(11) |
| Petry (2006) | CT free/reduced-cost healthcare seekers (N=1,414) | Questionnaire Lifetime | 6.9%(98) |
| Welte et al. (2002) | U.S. representative (N=2,630) | Telephone survey Past year | 0.3%(79) |
| Woodruff & Gregory (2005) | Guests entering Detroit casinos (N=200) | Questionnaire Lifetime | 36.5%(73) |

Source: *Worldwide Addiction Gambling Education Report (WAGER). (2007) Internet Gambling: Caught in the Web? 12(4).*

Woodruff and Gregory’s (2005) study is perhaps of some interest for our purposes, given that it surveys casino patrons, and given that one of our research interests was the impact of online gambling on Nevada’s land-based locations. As the authors of the *WAGER* report point out, the elevated online gambling rate found in this study should be interpreted with caution; for instance, it might be “because casino gamblers are more likely to gamble on the internet, because Detroit residents are more likely to gamble on the internet, or because people who are willing to fill out a questionnaire when approached are more likely to gamble on the internet.” As a result, the prevalence rate cited for this study is not necessarily indicative of broader rates in larger settings.

In a finding that is potentially significant to those interested in the impacts the online industry has on the land-based industry, the Woodruff and Gregory study also

found no significant relationship between the amount of time spent at traditional brick-and-mortar casinos and participants' likelihood of gambling on the internet. This finding hints at the notion that online gambling and land-based gambling may not be mutually exclusive activities – a finding that we present support for later on in this report.

In addition to these studies, two other notable online gambling studies merit a mention here. The Pew Research group conducted a national survey of gambling attitudes and behaviors in the U.S. in 2006. Their research suggested a recent increase in online gambling, though rates continued to be low. In the past year, the Pew survey found that 2% of Americans had placed bets on the internet in the past year, which was up from a 1% figure that was recorded in 1996 (Pew Research Center, 2006).

Finally, a large-scale study was recently commissioned by eCOGRA (for eCommerce Online Gaming and Regulatory and Assurance), an “independent standards authority committed to protecting online casino and poker players around the world” (2007). This research was carried out by researchers at Nottingham Trent University in the UK. Though the full report for this study has not been released (and hence has not yet been subjected to peer review), a media summary details some of its findings, as well as a description of the project's methodology.

Methodologically, this study consisted of the administration of a survey over the internet to a large, non-random sample of visitors to online casino sites (it appears that these visitors could opt into the survey – hence the non-random nature of the sample). Sports betting web sites were excluded from this sample, which might well prove significant for our purposes, given the apparent size of this internet gambling sub-industry as well as its popularity among our study participants. In addition to this quantitative analysis, a series of qualitative focus groups were conducted in a diverse range of international settings.

In contrast to previous studies that found that online gamblers tended to be male, this study concluded that the typical visitor to an online casino site is a female aged 46 –

55 who plays two to three times a week for 1 or 2 hours. Though not discussed in the media summary, these findings could be influenced by the study's exclusion of sports wagering web sites from the analysis. In any case, when this report is released, it should provide valuable information to those interested in understanding online gambling as a global phenomenon.

METHODOLOGY

For this project, we were tasked with the assignment of finding out about opinions and patterns of online play in the state of Nevada. When seeking to conduct macro-level prevalence research of this sort with a representative sample, the telephone survey remains the social scientific tool of choice – albeit one that is not without its own limitations, as we will discuss later in this section. All research procedures outlined in this section were approved by UNLV’s Human Subjects Committee (# 0612-2190).

For our study, Strategic Surveys, a Nevada-based survey research firm, conducted a random digit dialed (RDD) telephone survey of 1,000 residents of the state of Nevada. This study was conducted from January 3rd through January 12, 2007. Conducting the research over this many days and nights allowed for call-back procedures to ensure that a random sample was achieved, and that difficult-to-access respondents were included as well. Before going into the field, Strategic Surveys staff worked with UNLV International Gaming Institute faculty to conduct a comprehensive training of all telephone survey interviewers, and also conducted a series of pre-tests with volunteer subjects.

The questionnaire itself was based upon the questions given to the research team by the study sponsor, the Nevada Gaming Control Board. After being given these questions, UNLV International Gaming Institute faculty worked together with Strategic Surveys to enhance question clarity and to develop appropriate skip patterns in the questionnaire. The final questionnaire was then re-submitted to the Nevada Gaming Control Board, and approved for use in the study.

Strategic Surveys staff then programmed the study into computer-assisted telephone interview (CATI) software. CATI software ensures that appropriate skip patterns are followed, that no questions are skipped in the questionnaire, and that all data are immediately and flawlessly transferred into a computer database. These data were then exported into SPSS for analysis.

After completing the survey, each respondent was asked whether they would be interested in participating in compensated qualitative research to further expand upon their answers. Focus group participants were then recruited from this list, as well as from community announcements in Southern Nevada.

During this secondary recruitment phase, the research team was struck by the degree to which a number of individuals who had gambled online were reluctant to speak in an open and public forum (such as a focus group) – despite our best efforts to assure confidentiality in those settings. This concern was certainly understandable, given that online gambling is currently an activity of questionable legality, and given that focus groups can never completely assure confidentiality (given that the presence of other participants makes it impossible to assure that all information gathered will be kept confidential). It was decided, then, that the research team would also conduct in-depth qualitative one-on-one interviews with online gamblers, to allow for a broader swath of this population to participate in the study (and hopefully, to do so honestly).

In the end, the qualitative research component of this project consisted of one focus group of online gamblers and one focus group of individuals who had not gambled online, but who indicated an interest in possibly doing so. This latter group was deemed important because part of what we were interested in exploring was the degree to which behaviors might change should Nevada change its own policies on online gambling. Finally, we interviewed online gamblers in one-on-one settings, bringing the total number of participants in the in-depth qualitative settings to 27 (including 18 online gamblers).

All qualitative participants were asked to respond in an open-ended fashion to the same themes introduced in the telephone survey. This approach can yield extremely valuable insights because it allows participants to give answers that do not fall into categories predetermined by the research team. This characteristic proves especially vital in a research area such as online gambling, in which relatively little is known (and hence little can be used as a foundation for quantitative categories).

We should emphasize again that this was an exploratory study conducted in a research area with very few “best practice” guidelines -- or published research at all, for that matter. As such, and as always, it is important to discuss the limitations of this particular research endeavor.

For one thing, the findings summarized in this report rely upon participants’ self-reports, and are hence subject to biases inherent in any self-reported data. With gambling, recall of certain aspects such as won/loss amounts can be notoriously tricky (Blaszczynski et al. 1997). Furthermore, it may be that individuals who have engaged in stigmatized behaviors may be hesitant to report these behaviors, for various reasons. Though many respected fields of study share similar hurdles (e.g., research on illegal drug use), many of these fields have a lengthy and established history, including a diverse range of published material, which adds to the confidence that the research in those fields allows reliable conclusions to be drawn. Such a range of published materials does not exist in the nascent field of internet gambling research, so our conclusions must note this caveat.

From the beginning stages of this project, the research team was also concerned about the impacts of contemporary events – in this case, the recent developments associated with the arrests of online gaming executives, the moves to ban online gaming transactions, the shutdown of certain popular websites, and the possible loss of gambling money that Americans had kept stashed online. All of these factors may have a chilling effect on online gambling behaviors – not to mention respondents’ willingness to discuss them. Ultimately, this report may simply showcase these particular times and prove interesting as one that was conducted during this period in the history of online gambling.

Hence, as Churchill famously said of democracy, this research approach may well be the most flawed imaginable – with the notable exception of every other approach that is currently available to us. In the end, this project presents a comprehensive

analysis of both quantitative and qualitative data – an analysis designed to help policymakers make difficult decisions, while assisted by research-based insights.

RESULTS

Demographics of the Telephone Sample

In this section we will describe the characteristics of the 1000-person random digit-dialed (RDD) telephone sample of Nevadans that was examined in this study. The first table shows the sample's age distribution:

Table 1. Age

| | | Frequency | Percent | Cumulative Percent |
|---------|-------------------|-----------|---------|--------------------|
| Valid | 18-24 | 117 | 11.9 | 11.9 |
| | 25-34 | 194 | 19.7 | 31.6 |
| | 35-44 | 203 | 20.6 | 52.3 |
| | 45-54 | 186 | 18.9 | 71.2 |
| | 55-64 | 138 | 14.0 | 85.2 |
| | 65 or older | 146 | 14.8 | 100.0 |
| | Total | | 984 | 100.0 |
| Missing | Refused/No answer | 16 | | |
| Total | | 1000 | | |

This table reveals that the age variable was fairly evenly distributed among those who participated in the survey. The modal response was “35 to 44,” with 20.6% of the respondents falling into this age group. Meanwhile, the median value for this sample of adult Nevadans was about 45 years of age, with roughly half of the sample falling under this age and half falling above it. Note that those who were 18-20 years of age were too young to legally gamble in the state, but as our qualitative data indicates, this group was certainly eligible and able to gamble in the online environment.

Our sample also covered a diverse range of marital statuses: overall, 40.3% of the respondents were single or widowed, while 59.6% were either married or in a domestic partnership.

Table 2. Marital Status

| | | Frequency | Percent |
|---------|--------------------------------|-----------|---------|
| Valid | Single [Never Married] | 202 | 20.4 |
| | Single [Divorced or Separated] | 142 | 14.3 |
| | Married | 579 | 58.5 |
| | Domestic Partnership | 11 | 1.1 |
| | Widowed | 56 | 5.6 |
| | Total | 990 | 100.0 |
| Missing | Refused/No answer | 10 | |
| Total | | 1000 | |

Table 3 explores the educational breakdown of our sample:

Table 3. Education

| | | Frequency | Percent | Cumulative Percent |
|---------|----------------------------------|-----------|---------|--------------------|
| Valid | Some High School | 40 | 4.1 | 4.1 |
| | High School Graduate | 248 | 24.9 | 29.0 |
| | Some College | 340 | 34.2 | 63.2 |
| | College Graduate/Graduate Degree | 365 | 36.8 | 100.0 |
| | Total | 993 | 100.0 | |
| Missing | System | 7 | | |
| Total | | 1000 | | |

From this table, we can see that 71.0% of the respondents claimed to have an education beyond that of a high school diploma, with 36.8% claiming to hold either a college or graduate degree.

Next, respondents were asked about their household's before-tax annual income:

Table 4. Income

| | | Frequency | Percent | Cumulative Percent |
|---------|---------------------|-----------|---------|--------------------|
| Valid | Less than \$20,000 | 102 | 12.1 | 12.1 |
| | \$20,001-\$30,000 | 94 | 11.1 | 23.2 |
| | \$30,001-\$40,000 | 89 | 10.5 | 33.7 |
| | \$40,001-\$50,000 | 86 | 10.2 | 43.9 |
| | \$50,001-\$60,000 | 114 | 13.4 | 57.3 |
| | \$60,001-\$70,000 | 74 | 8.8 | 66.1 |
| | \$70,001-\$80,000 | 60 | 7.1 | 73.2 |
| | \$80,001-\$90,000 | 49 | 5.8 | 79.0 |
| | \$90,001-\$100,000 | 50 | 6.0 | 85.0 |
| | More than \$100,000 | 127 | 15.0 | 100.0 |
| | Total | 845 | 100.0 | |
| Missing | Refused/No answer | 155 | | |
| Total | | 1000 | | |

Here, 15.0% of the 845 respondents who answered this question claimed a pre-tax household income in excess of \$100,000, while 12.1% of the respondents claimed to have a household income of less than \$20,000. The modal category was \$50,001-\$60,000.

Table 5. Gender

| | | Frequency | Percent | Cumulative Percent |
|-------|--------|-----------|---------|--------------------|
| Valid | Male | 518 | 51.8 | 51.8 |
| | Female | 482 | 48.2 | 100.0 |
| | Total | 1000 | 100.0 | |

On the gender variable, 51.8% of the respondents were male, complemented by a female contingent of 48.2%.

Land-based Gambling Patterns

Table 6 summarizes the results from the first gambling question asked, which sought to open up with a discussion about respondents' favorite gambling game.

Table 6. What is your favorite kind of gambling game?

| Type of Game | Frequency | Percent |
|--|-----------|---------|
| Blackjack [In a casino] | 121 | 12.1 |
| Table Poker [In a casino] | 51 | 5.1 |
| Sports Betting [In a casino] | 39 | 3.9 |
| Craps [In a casino] | 38 | 3.8 |
| Slot Machines (reel based) [In a casino] | 280 | 28.0 |
| Video Poker [In a casino] | 200 | 20.0 |
| Roulette [In a casino] | 24 | 2.4 |
| Online Slot Machines | 7 | .7 |
| Online Sports Betting | 1 | .1 |
| Online Poker | 5 | .5 |
| Any other Games [In a casino] | 37 | 3.7 |
| I don't currently gamble | 198 | 19.8 |
| Total | 1000 | 100.0 |

With nearly 20% of the respondents indicating that they do not currently gamble, blackjack emerged as the most popular table game, with 12.1% of the respondents claiming it as their favorite. However, overall, reel slots were the most popular choice among respondents, with 28.0% of those sampled selecting it as their favorite game. Video poker games finished second, as 20.0% of the respondents chose it as their favorite.

Of all Nevadans, 1.3% chose a form of internet gambling as their favorite game – substantially lower, of course, than the number of those who later indicated they had gambled online.

In Table 7, we shift our focus to only those within our sample who indicate that they currently gamble:

Table 7. What is your favorite kind of gambling game? (Current gamblers only)

| | | Frequency | Percent |
|---------|--|-----------|---------|
| Valid | Blackjack [In a casino] | 121 | 15.1 |
| | Table Poker [Played in a casino] | 51 | 6.4 |
| | Sports Betting [In a casino] | 39 | 4.9 |
| | Craps [In a casino] | 38 | 4.8 |
| | Slot Machines (reel based) [In a casino] | 280 | 34.9 |
| | Video Poker [In a casino] | 200 | 24.9 |
| | Roulette [In a casino] | 24 | 3.0 |
| | Online Slot Machines | 7 | .8 |
| | Online Sports Betting | 1 | .1 |
| | Online Poker | 5 | .6 |
| | Any other Games [In a casino] | 37 | 4.6 |
| | Total | 802 | 100.0 |
| Missing | I don't currently gamble | 198 | |
| Total | | 1000 | |

In essence, Table 6 presents a portrait of a sample of *all* Nevadans, while Table 7 summarizes only those sampled who claim to gamble currently. Of the state's current gamblers, then, reel slots (34.9%), video poker (24.9%), and blackjack (15.1%) were the top three replies to the favorite game question.

Here, we can see that among gamblers in Nevada, the internet slice remains small. When the online gambling games are combined, approximately 1.5% of the state's gamblers indicated that a form of online gambling was their favorite wagering activity.

The next table provides a summary of Nevadans' favorite locations to gamble. Note that Tables 8, 9, 10, and 11 include respondents who "do" or "have" gambled (while Tables 6 and 7 summarize the general, opening question about "favorite" gambling game), thereby changing the number of non-respondents.

Table 8. When you do gamble or have gambled, where do you choose to play most often?

| | Frequency | Percent |
|-----------------------------|-----------|---------|
| Valid In a casino | 747 | 74.7 |
| In a bar | 38 | 3.8 |
| In a convenience store | 21 | 2.1 |
| In a grocery store | 26 | 2.6 |
| In my own home with friends | 32 | 3.2 |
| Online | 8 | .8 |
| Other location | 4 | .4 |
| I haven't ever gambled | 124 | 12.4 |
| Total | 1000 | 100.0 |

When asked about their favorite location to gamble, an overwhelming majority of Nevadans chose casinos. Of all Nevadans in the sample, 74.7% stated that they preferred to gamble in casinos, which was by far the most popular venue. Among other locations, bars finished a distant second, with 3.8% of the respondents. Consistent with the previous tables, internet gambling lagged far behind: roughly 1% of Nevadans said that the online environment was their favorite "place" to gamble.

In Table 9, we compare the general sample with those who have gambled:

Table 9. When you do gamble or have gambled, where do you choose to play most often?

| | Frequency | Of Nevadans | Of Gamblers |
|--------------------------------|-----------|-------------|-------------|
| Valid In a casino | 747 | 74.7 | 85.4 |
| In a bar | 38 | 3.8 | 4.4 |
| In a convenience store | 21 | 2.1 | 2.4 |
| In a grocery store | 26 | 2.6 | 3.0 |
| In my own home with friends | 32 | 3.2 | 3.6 |
| Online | 8 | .8 | .9 |
| Other location | 4 | .4 | .4 |
| Total | 876 | 87.6 | 100.0 |
| Missing I haven't ever gambled | 124 | 12.4 | |
| Total | 1000 | 100.0 | |

In the sample of gamblers, it appears that casinos also stand as the location where they gamble most often. Roughly 85% of Nevada gamblers sampled chose casinos as their most frequent place to gamble, with 4.4% choosing bars, the second most popular venue.

From this data, we can also see that just under 1% of gamblers indicate that they play online most often, further reinforcing the relatively low frequencies associated with this environment.

Table 10 seeks to establish frequencies of play at the locations that respondents play most often.

Table 10. Frequency of Gambling at Most Frequent Location

| | | Frequency | Of Nevadans | Of Gamblers |
|---------|-----------------------------|-----------|-------------|-------------|
| Valid | About once per year | 220 | 22.0 | 25.6 |
| | About once every few months | 208 | 20.8 | 24.1 |
| | About once every month | 184 | 18.4 | 21.3 |
| | About once every week | 126 | 12.6 | 14.6 |
| | A few times per week | 105 | 10.5 | 12.2 |
| | Every day | 19 | 1.9 | 2.2 |
| | Total | 862 | 86.2 | 100.0 |
| Missing | DK/No answer | 14 | 1.4 | |
| | System | 124 | 12.4 | |
| | Total | 138 | 13.8 | |
| Total | | 1000 | 100.0 | |

In this sample, when we combine categories, roughly a quarter of Nevadans claimed to gamble at their favorite location at least once a week. On the other end of the spectrum, about one in five Nevadans play once per year or about once every few months, while about 12% say that they do not gamble.

Table 11 examines gambling episodes in terms of the length of time that these individuals gamble when playing at the most frequent location. Respondents were asked to estimate the amount of time they spent on average.

Table 11. Length of Time Gambled at Most Frequent Location

| | | Frequency | Percent |
|---------|--------------------|-----------|---------|
| Valid | Two hours or more | 264 | 30.5 |
| | One hour | 199 | 23.0 |
| | Less than one hour | 403 | 46.5 |
| | Total | 866 | 100.0 |
| Missing | DK/No answer | 10 | |
| | System | 124 | |
| | Total | 134 | |
| Total | | 1000 | |

From these data we can see that 53.5 % of all Nevada gamblers reported that a typical gaming session lasts for at least one hour, while slightly less than half reported a typical episode of less than one hour.

Table 12 proceeds to examine whether those in our sample had gambled in a Nevada casino in the past year.

Table 12. Past Year Gambling in Nevada Casinos

| | | Frequency | Percent |
|-------|----------------------------------|-----------|---------|
| | Yes (gambled in NV casino) | 712 | 71.3 |
| | No (did not gamble in NV casino) | 287 | 28.7 |
| Total | | 999 | 100.0 |

In this table we can see that 71.3% of residents sampled reported gambling in a Nevada casino over the past 12 months, indicating that casino visitation remains a popular recreational activity among the state's residents.

Table 13 summarizes data on the frequency with which Nevadans played at other physical locations in Nevada (such as grocery stores, convenience stores, drug stores, or bars).

Table 13. Past Year Gambling in Other Physical Locations (e.g., grocery store, convenience store, drug store, or bar)

| | | Frequency | Percent |
|-------|--|-----------|---------|
| Valid | Yes (gambled in other NV location) | 308 | 30.8 |
| | No (did not gamble in other NV location) | 691 | 69.2 |
| Total | | 999 | 100.0 |

From this table, we can see that other land-based gaming locations are less popular than casinos. Of our sample, 30.8% indicated that they had gambled in another physical location (such as a grocery store, convenience store, drug store, or bar) over the past 12 months.

Online Gambling Opinions and Patterns

After asking our sample of Nevadans about their gambling behaviors on a general level, the questionnaire shifted focus to the online world. In order to ensure that respondents were reminded of the confidentiality of their responses, interviewers repeated assurances that were articulated in the beginning of the survey.

First, interviewers asked the sample whether they had visited any websites that allowed gambling (note that respondents were to recall the past five years). Table 14 summarizes their responses.

Table 14. Online Gambling Website Visitation, Past Five Years

| | Frequency | Percent |
|-----------|-----------|---------|
| Valid Yes | 81 | 8.1 |
| No | 919 | 91.9 |
| Total | 1000 | 100.0 |

During the past five years, 8.1% of the Nevada residents in our survey reported visiting an online gambling website, which means that an overwhelming percentage did not.

Next, we asked respondents whether they had “played casino type games for fun” (that is, without wagering actual money) in the past five years. These responses are summarized in Table 15.

Table 15. Online Gambling “For Fun” (Not Wagering Money), Past Five Years

| | Frequency | Percent |
|------------|-----------|---------|
| Valid Yes | 155 | 15.6 |
| No | 842 | 84.4 |
| Total | 997 | 100.0 |
| Missing DK | 3 | |
| Total | 1000 | |

Here, we can see that 15.6% of respondents claimed to have played online casino games for fun over the past five years (note that this prevalence rate can be higher than that in the preceding table because one can gamble “for fun” on websites that are not

necessarily “online gambling” websites). As we will see in the next table, this percentage indicates that a substantially higher percentage of individuals admit to playing for fun than admit to playing for money.

In Table 16, we summarize the responses to the online gambling prevalence question. This item on the questionnaire asked whether they had gambled online with actual money over the past five years. Table 16 shows the results:

Table 16. In the past five years, have you ever gambled online for real money?

| | | Frequency | Percent |
|---------|-------|-----------|---------|
| Valid | Yes | 37 | 3.7 |
| | No | 961 | 96.3 |
| | Total | 997 | 100.0 |
| Missing | DK | 3 | |
| | Total | 1000 | 100.0 |

From this table, we can see that in a random sample of 1000 Nevadans, 3.7% of those who responded stated that they had gambled online during the past five years. These numbers appear to be consistent with those found in other studies of US online gambling. Recall that the AGA 2006 study and the Welte et. al 2002 study cited rates of 4% and 0.3%, respectively, while the Pew research study found a national rate of 2% -- albeit with slightly different methodologies and question wordings.

Interestingly, when these respondents were in an open-ended item to talk about the games that they played most online, 74% of online gamblers indicated that they played some form of poker, while another 15% said that they gambled on some form of sports (data not shown in table). It would appear, then, that in 2007, the so-called “poker boom” has taken a hold of the online gambling environment – at least for those who play in Nevada.

We then asked all respondents about their beliefs about the legal status of online gambling, and results revealed much about the legal “space” that online gambling occupies for Nevadans. Table 17 summarizes these findings:

Table 17. Characterization of the Current Legal Status of Online Gambling in the US

| | | Frequency | Percent |
|---------|-----------|-----------|---------|
| Valid | Legal | 156 | 16.9 |
| | Illegal | 272 | 29.5 |
| | Unclear | 496 | 53.7 |
| | Total | 923 | 100.1 |
| Missing | No answer | 76 | |
| Total | | 1000 | |

Of the Nevadans who responded to this item, the clear answer for most, it would seem, is “unclear.” We can see that 53.7% indicated that they were unclear regarding the current legal status of online gaming. Nearly 17% said that they felt it was legal, while 29.5% deemed it currently illegal. This finding underscores the fluidity and uncertainty surrounding internet gambling today, and in itself reveals much about this chapter in the history of online gambling.

We then explored the degree to which this response varied by online gambling status – or put another way, whether online gamblers had different opinions about the activities’ legality than those who had not played online. These results are summarized in Table 18:

Table 18. Online Gambling Status and Opinion about Legal Status

| | | | In the past five years, have you ever gambled online for real money? | | Total |
|---|------------------------------|------------------------------|--|--------|--------|
| | | | Yes | No | |
| If you were to characterize the current legal status of online gambling in the US in one word, would you say that it was: | Legal | Count | 12 | 144 | 156 |
| | | % within legal status | 7.7% | 92.3% | 100.0% |
| | | % within ever gambled online | 32.4% | 16.2% | 16.9% |
| | Illegal | Count | 12 | 260 | 272 |
| | | % within legal status | 4.4% | 95.6% | 100.0% |
| | | % within ever gambled | 32.4% | 29.3% | 29.4% |
| | Unclear | Count | 13 | 483 | 496 |
| | | % within legal status | 2.6% | 97.4% | 100.0% |
| | | % within ever gambled online | 35.1% | 54.5% | 53.7% |
| Total | Count | 37 | 887 | 924 | |
| | % within legal status | 4.0% | 96.0% | 100.0% | |
| | % within ever gambled online | 100.0% | 100.0% | 100.0% | |

We show percentages in both directions in this table, so that we can look at percentages among those who had played online and percentages among those who viewed these activities as legal, illegal, or unclear. Most notable here is the observation that online gamblers are evenly distributed in terms of their beliefs about the legal status of gambling – roughly a third deem it legal, another third deem it illegal, while the final third is unclear. Meanwhile, of those who have not gambled online, only 16% deem it legal, 29% deem it illegal, while 54% are unclear. The chi-square indicates a significant difference in the distribution of replies to this question (see below), so we can say that online gamblers sampled are significantly more likely to deem the activity legal, while those who have not gambled online are significantly more likely to be unclear on the status. These findings begin to show that online gamblers hold different opinions about the activity than do those who have not played online – in this case, online gamblers show a greater tendency to believe that the activity is legal, predictably enough. Meanwhile, when we look at the percentages in the opposite direction, more than 90% of those who deem it illegal have not gambled online, and a similar proportion of those who deem it legal have not gambled online.

Chi-Square Tests

| | Value | Df | Asymp. Sig. (2-sided) |
|---------------------------------|----------|----|--------------------------|
| Pearson Chi-Square | 8.107(a) | 2 | .017 |
| Likelihood Ratio | 7.301 | 2 | .026 |
| Linear-by-Linear Association | 7.848 | 1 | .005 |
| N of Valid Cases | 924 | | |

Because so many respondents seem to be unclear on the legal status, qualitative data can help us further specify what Nevadans are really thinking. Among those in the focus group of individuals who had not gambled online, responses reveal a bit more depth about this uncertainty:

I think it's semi-illegal.

It's basically—I thought they were basically taken down. But there's still ways of doing it and I'm not quite sure how.

I think that it's—my understanding of it is that it's legal, but it's... kind of like they're skirting on the illegal.

My opinion is it's illegal, so therefore, why bother? And just I haven't wanted to bother to learn more about it.

I think it's in kind of a gray area. It's not completely illegal because you can do the offshore thing, and there's just so many like—it's illegal this, it's illegal that. It's not—it's illegal but it's also not, so that's my feeling on it, it's kind of in a gray area.

It's semi-illegal, or it's semi-legal (laughs).

The qualitative comments from those who did gamble online tended to contain greater detail, but overall, uncertainty and disagreement reigned:

From what I understand, it's no longer legal to fund any account through an online site in the US. So I don't think it makes it illegal to play it per se, but it's illegal to run money through it – unless there's a new loophole I don't know about. All I know it's a lot harder than it was to play and to collect winnings.

It's illegal.

My understanding is that it's not necessarily that you can't gamble online, but the transfer of funds – the withdrawal or transfer of funds is illegal. If you can't play for money, though, what's the point? As soon as the government has a way to tax it, it'll be back up, though.

I'm under the impression that legal law is that you cannot gamble online, however, the enforcement of it I don't think is of interest to them right now.

Who cares?

I was never really concerned about it being illegal or legal – I was probably too naïve or trustworthy or something.

Um, I believe that there's an unenforced law about online gambling, but I know the most recent legislation is strictly focused on the banks and money transfers.

Um, right now it is my understanding that any form of gambling on the internet in the US is illegal, I don't know if that applies to servers that are you know, located in other countries, as to the way I understand it, that's not legal now. As far as I see it, it is illegal in the country to gamble online.

It's illegal for banks to accept withdrawals.

Maybe.

It's a gray area.

After one focus group participant went into a lengthy and detailed discussion of state vs. federal law and how these apply to internet wagering, another respondent noted that in general, popular understandings are not this sophisticated:

Look, it's obvious you know a ton about it, but you have to look at the average person (who) doesn't know—the way that you understand it, the way that you know it, the average person doesn't know that. They think, 'oh man, this is getting illegal, I'm getting out of this.' They're not aware of those laws and all the technicalities.

Next, respondents in the survey were asked about the degree to which the legal status of online gambling affects their desire to gamble online. A response of “1” meant that it was affecting their desire “not at all,” while a response of “5” indicated that this status affected their desire “very much.” Results are in Table 19 below:

Table 19. Degree To Which Legal Status of Online Gambling Affects Desire to Gamble Online (Scale from 1 to 5; 1 = "not at all" and ; 5 = "very much")

| | | Frequency | Percent | Cumulative Percent |
|---------|--------------|-----------|---------|--------------------|
| Valid | One | 860 | 87.9 | 87.9 |
| | Two | 33 | 3.4 | 91.3 |
| | Three | 37 | 3.7 | 95.0 |
| | Four | 8 | .9 | 95.9 |
| | Five | 40 | 4.1 | 100.0 |
| | Total | 978 | 100.0 | |
| Missing | DK/No answer | 22 | | |
| Total | | 1000 | | |

Of the survey respondents, 87.9% claimed that they not at all bothered by the legal status of online gaming. On the other end of the spectrum, roughly 4% indicated that their desire to gamble online was “very much” affected by the activity’s legal status. Overall, it would seem that as a group, Nevadans are not very bothered by the activity’s legal status – perhaps because they do not fear personal ramifications for engaging in online gambling, or perhaps because they are disinterested in general.

The next table compares responses to this item among those who gambled online and those who did not. Table 20 summarizes these results:

Table 20. How much is the legal status of online gambling affecting your desire to gamble online?

| Gamble online | N | Mean response to "desire" | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | |
|---------------|-----|---------------------------|----------------|------------|----------------------------------|-------------|
| | | | | | Lower Bound | Upper Bound |
| Yes | 37 | 2.56 | 1.751 | .289 | 1.98 | 3.15 |
| No | 820 | 1.28 | .878 | .031 | 1.22 | 1.34 |
| Total | 856 | 1.34 | .966 | .033 | 1.27 | 1.40 |

Online gamblers posted a greater mean (2.56) than land-based gamblers (1.28) on this question. This begs the question of whether these differences are statistically significant, and the analysis of variance (ANOVA) below suggests that they are. However, ANOVA assumptions include that of equal variances, especially when the number of observations in each group is quite different (i.e., online =37 & land-based gamblers = 820). As a result, special tests and procedures were run to determine the robustness of the ANOVA result.

ANOVA

How much is the legal status of online gambling affecting your desire to gamble online? Please answer on a scale from 1 to 5, with 5 being "very much" and 1 being "not at all."

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 57.379 | 1 | 57.379 | 66.153 | .000 |
| Within Groups | 740.739 | 854 | .867 | | |
| Total | 798.119 | 855 | | | |

MANN-WHITNEY

How much is the legal status of online gambling affecting your desire to gamble online? Please answer on a scale from 1 to 5, with 1 being "not at all" and 5 being "very much"

| | |
|------------------------|------------|
| Mann-Whitney U | 9709.000 |
| Wilcoxon W | 366299.000 |
| Z | -7.636 |
| Asymp. Sig. (2-tailed) | .000 |

a Grouping Variable: In the past five years, have you ever gambled online for real money?

The non-parametric ANOVA alternative (the Mann-Whitney test) also concluded that the means were significantly different (see below). Hence, based on the results of this survey data and these two tests, online gamblers appear to be significantly less concerned about the legal status of online gambling than land-based gamblers. Having said this, the qualitative discussion revealed some subtle nuances pertaining to the legal status of online gambling.

One qualitative participant put it this way:

I don't know if it's legal, so that's something that scared me. I just worry if I win, are they going to send me a check or am I going to get in trouble.

One qualitative interviewee who gambled online made distinctions about the reasons why he was unconcerned about the legality of the act:

I'm not afraid of legal ramifications. I guess I didn't want to be affiliated with anything that would get me in trouble, but if I wanted to gamble online I wouldn't be afraid because I'm not going to withdraw anything anymore.

This respondent touches on a theme that emerged as a central component in the tale of online gambling in Nevada in 2007. It became clear that this research was conducted during a time when significant legal events were occurring in the field of online gambling. In experimental design research, this is called a “history effect,” and it was hardly insignificant in our work: recently, news has focused heavily upon online gambling executives who were arrested, web sites that were shut down or moved, and most importantly, a US Congress that has been active in proposing legislation relating to online gambling. These very visible and publicized activities seem to have played a role in respondents’ online gambling activities, as many qualitative interviewees were quick to point out:

I haven't deposited any money online since the new rules went into effect... I think it's dying down now, when I first started playing it seemed like everybody was online and playing too – but I haven't really heard as much about it lately. I think the money depositing thing is really having an effect. Like when I'm around poker rooms I don't hear much about it – but two years ago you did... it just doesn't seem like there's as many people talking about it (now).

In the beginning (of the online gambling era) it was really slow because poker online – a lot of people were really skeptical about having their money invested in this and having trouble getting it out. Then when the poker boom started, they started running major tournaments – the sit n' go is like a mini tournament, and some of these mini tournaments parlay into larger ones, and when that was going on, it was crazy. When the WSOP was going on, it was really crazy. And then obviously in the last four months or so, you can still play online and still play satellites and sit-n'-gos, but in terms of real money action you're really not going to find anything. If you're in the US you can't play. A little pop-up will come up and say “sorry, you've been tagged as a US player, you cannot play online.” So I really don't play at all online now. This is a dead time. It's kinda strange, we were kinda worried that this was going to happen so we took most of our money out, but I left a little bit – just a couple hundred bucks – but now it's like funny money because I can't get it out because I'm in the US.

Actually the biggest effect is, it made it more difficult to make a deposit, and I'm probably at the last mode that I'll try – the way I do it now, if that gets cancelled, I'll probably stop to be honest with you. My bank card they now accept the one tied to my bank account – now they accept it. I don't know why. I used to use that third party PayPal kinda thing.

I just can't put money into an account. The laws just stopped me from putting money in an account, so I had to stop.

The problem is it's all kinda shut down now. But I have a few connections that I can still go to (laughs).

(They) made it illegal for online gambling sites or for banks to accept deposits or withdrawals through online gambling sites, so a lot of sites like Party shut down, but now you just have to go through a third-party intermediary that's an international thing, like Net Teller, though, they—some guys got arrested now so they shut down too. But yeah, and companies like Visa and MasterCard will still accept wagers because they're international and so if you submit from your card, they just take it from Visa's headquarters in London or something and then charge you, so that's still technically legal, so you can use your cards but it's a lot more hassle when the banks—if you cash out, you have to get a check in the mail, which, you know, is from a bank.

One interviewee stated that the last time he played was

... right before they made it illegal – I don't remember exactly what month that was... I mean I went to the web sites and they didn't accept my money anymore, so that's why I stopped.

A lot of credit cards don't do it just for ease and because they don't want to get involved in the hassle. Most credit cards don't. I have one credit card that works but, yeah, but the other ones don't.

When NetTeller shut down it had a profound impact.

The balances are trapped in those accounts. They can't get them out.

That had a big impact on who you'd see online and according to these guys, the number of players just dips (by) two-thirds of the online people.

Some qualitative participants chimed in that the news stories on arrests of CEOs were: “scar(ing) folks off.”

Ultimately, though, several indicated that these were temporary hurdles to those who wish to gamble on the internet. Among those who played online, the consensus was that this moment was akin to a hiccup, rather than a fatal illness:

It's ... in transition. I would think yes, it's still illegal, but I don't think it's dead.

I think the reason that there would be less (online gambling) in the US right now is just because of all the financial institutions online denying access to the gaming websites, but I think that most of the people who are serious about it have figured out a way around it.

This touches upon a theme frequently articulated by online gamblers in qualitative settings: that online gamblers were creative enough to figure out a way around any legal hurdles thrown at them.

We'll find a way.

Next, we move into the realm of online cheating – a primary concern to regulators, policymakers, and players alike. This issue gets to the core of the integrity of online gambling, and the degree to which the online environment can currently be trusted.

Table 21 summarizes survey respondents' confidence in this aspect of the integrity of online gambling.

Table 21. Degree of Confidence that Online Gambling Websites Do Not Have the Ability to Cheat Gamblers (Scale from 1 to 5; 1 = "not at all confident" and 5 = "very confident")

| | | Frequency | Percent | Cumulative Percent |
|---------|--------------|-----------|---------|--------------------|
| Valid | One | 618 | 66.9 | 66.9 |
| | Two | 66 | 7.1 | 74.0 |
| | Three | 133 | 14.4 | 88.4 |
| | Four | 35 | 3.8 | 92.1 |
| | Five | 73 | 7.9 | 100.0 |
| | Total | 924 | 100.0 | |
| Missing | DK/No answer | 76 | | |
| Total | | 1000 | | |

Of Nevadans who responded to this item, 66.9% claimed that they had strong doubts about the integrity of online gambling as it pertained to the ability to cheat the gambler. This finding suggests a significant distrust of the online environment's integrity. We examined this variable in terms of online gamblers and those who had not gambled online, and the findings are presented in Table 22:

Table 22. On a scale from 1 to 5, with 1 being "not at all confident" and 5 being "very confident," how confident are you that online gambling websites do not have the ability to cheat the gambler?

| | N | Mean on confidence item | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | |
|---------------|-----|-------------------------|----------------|------------|----------------------------------|-------------|
| | | | | | Lower Bound | Upper Bound |
| Gamble online | | | | | | |
| Yes | 37 | 3.17 | 1.463 | .242 | 2.68 | 3.66 |
| No | 778 | 1.81 | 1.279 | .046 | 1.72 | 1.90 |
| Total | 815 | 1.87 | 1.318 | .046 | 1.78 | 1.96 |

Online gamblers posted a greater mean (3.17) than land-based gamblers (1.81), indicating that they had greater confidence in this aspect of integrity than did those who had not gambled online. However, both groups displayed significant concerns about this matter. The analysis of variance (ANOVA) below suggests that differences are indeed significant. However, ANOVA assumptions include that of equal variances, especially when the number of observations in each group is quite different (i.e., online gamblers = 37 & land-based gamblers = 778). As a result, special tests and procedures were run to determine the robustness of the ANOVA result.

ANOVA

On a scale from 1 to 5, with 1 being "not at all confident" and 5 being "very confident," how confident are you that online gambling websites do not have the ability to cheat the gambler?

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 64.962 | 1 | 64.962 | 39.123 | .000 |
| Within Groups | 1348.297 | 812 | 1.660 | | |
| Total | 1413.259 | 813 | | | |

MANN-WHITNEY

On a scale from 1 to 5, with 1 being "not at all confident" and 5 being "very confident," how confident are you that online gambling websites do not have the ability to cheat the gambler?

| | |
|------------------------|------------|
| Mann-Whitney U | 7837.500 |
| Wilcoxon W | 333865.500 |
| Z | -6.357 |
| Asymp. Sig. (2-tailed) | .000 |

a Grouping Variable: In the past five years, have you ever gambled online for real money?

The non-parametric ANOVA alternative, the Mann-Whitney test, also concluded that the means were significantly different. Based on the results of this survey data and these tests, online gamblers appear to be significantly more confident than land-based gamblers that online websites lack the ability to cheat the gambler.

Of course, in the online world concerns have arisen not only about the operators' ability to cheat the gambler, but also about gamblers' abilities to cheat other gamblers. This is particularly troublesome with virtual poker tables, where teams of individuals can work together against an unsuspecting mark. Table 23 explores an item that covered this ground in the survey:

Table 23. Degree of Confidence that Other Online Gamblers Do Not Have the Ability to Cheat (Scale from 1 to 5; 1 = "not at all confident" and 5 = "very confident")

| | | Frequency | Percent | Cumulative Percent |
|---------|--------------|-----------|---------|--------------------|
| Valid | One | 581 | 63.4 | 63.4 |
| | Two | 63 | 6.9 | 70.3 |
| | Three | 133 | 14.5 | 84.8 |
| | Four | 48 | 5.2 | 90.1 |
| | Five | 91 | 9.9 | 100.0 |
| | Total | 915 | 100.0 | |
| Missing | DK/No answer | 85 | | |
| Total | | 1000 | | |

Survey respondents were similarly concerned about the integrity of fellow players. On this item, 63.4% of respondents were “not at all confident” that other online gamblers lacked the ability to cheat them. We then examined whether those who had online gambling experience differed on this variable from those who did not have online gambling experience. Table 24 summarizes the findings on this matter:

Table 24. Online Gambling Patterns and Confidence Other Gamblers Cheat in Online Environments

| Gamble Online? | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | |
|----------------|-----|------|----------------|------------|----------------------------------|-------------|
| | | | | | Lower Bound | Upper Bound |
| Yes | 37 | 2.76 | 1.577 | .260 | 2.23 | 3.29 |
| No | 772 | 1.94 | 1.373 | .049 | 1.84 | 2.03 |
| Total | 809 | 1.97 | 1.392 | .049 | 1.88 | 2.07 |

Here, online gamblers posted a greater mean (2.76) than land-based gamblers (1.94), indicating that once again, those who had participated in online gambling had fewer doubts – but we should note that they still had their doubts. The analysis of variance (ANOVA) below suggests that these differences are indeed significant.

Once more, ANOVA assumptions include equal variances, which is potentially troublesome when the number of observations in each group is quite different, as is the case here (recall that there were only 37 online gamblers in the total sample). As a result, special tests and procedures were run to determine the robustness of the ANOVA result.

The non-parametric ANOVA alternative, the Mann-Whitney test, also concluded that the means were significantly different (see below).

ANOVA

On a scale from 1 to 5, with 5 being "very confident" and 1 being "not at all confident," how confident are you that other online gamblers do not have the ability to cheat you?

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 23.782 | 1 | 23.782 | 12.431 | .000 |
| Within Groups | 1541.937 | 806 | 1.913 | | |
| Total | 1565.719 | 807 | | | |

MANN-WHITNEY

On a scale from 1 to 5, with 5 being "very confident" and 1 being "not at all confident," how confident are you that other online gamblers do not have the ability to cheat you?

| | |
|------------------------|------------|
| Mann-Whitney U | 11399.500 |
| Wilcoxon W | 331799.500 |
| Z | -3.483 |
| Asymp. Sig. (2-tailed) | .000 |

a Grouping Variable: In the past five years, have you ever gambled online for real money?

Based on the results of this survey data and these tests, online gamblers appear to be significantly more confident than land-based gamblers that other online gamblers do not have the ability to cheat them. Put another way, those who have gambled online feel more confident that other gamblers lack the ability to cheat them – but they do still have strong doubts.

When quantitative findings are this complex, details from qualitative research component of this project can reveal important subtleties. When discussing online cheating, those who played online poker overwhelmingly believed that the primary form of cheating was via collusion.

Absolutely. You have every incentive in the world to do that.

Yes, especially with poker, yes.

Sometimes I worry, but the tournaments I play usually aren't big enough money for people to really go after my \$5 that goes into the pot.

Oh yeah, I'm sure it goes on. I just know how much money they're making and it seems to me it'd be easy. On the other hand, nobody would play on them if they weren't (monitoring) it... but I definitely think that like five guys in the same game are playing and doing it on community phones, raising each other and knowing what each other has – I think that goes on.

Only in the big money games, in the small games it isn't worth it.

I'm pretty confident in the site itself, that they're trying to uphold the best business practices they can. However, I'm not confident in the players, they will set up the "bots" and they'll have 6-8 people with 6-8 computers working as a team. They're just other players, they don't have any affiliation with the site, but they're playing together and have a huge advantage.

Well, (I'm) not really (concerned) 'cause uh, I've heard them freezing accounts of people colluding. I've actually gotten money back when there were other people colluding.

I played in a regular cash game online, and at times online it just seems too easy to me – I'm sure it happens where five people sit down at the same table and take advantage of the other players who are there. In the tournament you're assigned a table, you can't choose where you sit, so it seems less likely there, but I'm sure it happens.

Absolutely. I mean, it's so easy for people to you know set up a whole network or anything to have different addresses and be in the same room. You can have five people in one room playing together in a ten person tournament, and their odds are that much greater.

Party Poker's terms and conditions was that they were allowed to monitor all the programs you had running on your computer, but at the same time you can still call your buddy ... so I don't think there's any way to stop doing it.

When you're playing blackjack or roulette or craps, the house is taking it out of your pocket, but when you're playing poker they're taking a rake, so what happens after the casino gets its rake, they don't care if you win or I win, but in a one-on-one game, if you're talking blackjack you're betting against the house. The more you win, the less the house wins.

The random card generators that they claim to use do not seem random because I have seen hands that come up in online poker web sites as much as I have played in the casinos out here, I have never seen them in the real poker tables. I mean, you're playing a lot more hands in the online world, but it still doesn't seem completely random.

I'm not sure if the software is programmed correct for probability, because it seems like straights and flushes come out more there than in person.

I definitely feel like there's some weird stuff in the deal – I think it happens. More odd hands seem to be dealt than when you sit in the casino. And more bad beats tend to happen, where somebody has one card that they have to have to win and it seems to happen more often, when it shouldn't happen.

Another shared a different perspective:

I'm not that concerned with cheating 'cause I tried it. Some friends and mine had come up with this idea because we hadn't been winning money in online poker, and we were just like 'there's gotta be some way to win with this,' so we tried to get into sit n' go tournaments, so like ten players sign up, and we'd get on the phone with each other and instant message or get on the phone to tell each other what cards we had. It never really

worked – anytime we tried it we pretty much doubled our losses. It wasn't really easy to do, so I wasn't worried about that later on. But I do know situations where it might work, in like a high-stakes game, and a small number of players, but it's hard with many more players.

Some claimed that they did research before deciding to play:

I always make sure there's this little logo of approval, and I spent about a half hour (on his background check). I think, make sure you do your research to see that it's reputable.

I ran into one casino that I ran the numbers and it was like eight standard deviations away and it was a small site that I was kind of worried about to begin with and that was my own fault, but if you do your research and it's a pretty well known game, then I think you're fine.

These qualitative findings suggest that for those who play online, cheating is a significant concern in the gambling environment (even though it appears to be less of a concern to them than it does to those who have never played).

The questionnaire then asked those who had not gambled online to indicate why they had not done so. The results are summarized in Table 25 below.

Table 25. Reasons for Not Gambling Online (asked of those who have not gambled online)

| | | Frequency | Percent of Overall Sample | Percent of Non-Online Gamblers |
|---------|---------------------------------------|-----------|---------------------------|--------------------------------|
| Valid | Not internet savvy | 35 | 3.5 | 3.7 |
| | Not interested in online gambling | 619 | 61.9 | 65.4 |
| | Concerned about legal issues | 24 | 2.4 | 2.6 |
| | Not familiar with websites | 18 | 1.8 | 1.9 |
| | Privacy concerns | 62 | 6.2 | 6.6 |
| | I don't have internet/computer access | 104 | 10.4 | 11.0 |
| | Other | 84 | 8.4 | 8.9 |
| | Total | 947 | 94.7 | 100.0 |
| Missing | Refused/No answer | 16 | 1.6 | |
| | System | 37 | 3.7 | |
| | Total | 53 | 5.3 | |
| Total | | 1000 | 100.0 | |

By an overwhelming margin, the most frequently cited reason Nevadans have not gambled online was disinterest, as 65.4% of this sub-sample of those who had not gambled online stated that they simply were not interested in online gaming. Technology played a role for a sizable minority as well: 11.0% of the sample cited internet/computer access as the most prominent hurdle, while 3.7% claimed that they were “not internet savvy.” Another 2.6% specifically cited concerns with legal issues, while 6.6% had privacy concerns.

Here, in-depth qualitative information on those who have not gambled online is revealing, and allows us a greater depth of understanding of these reasons. Note that the “non-online gamblers” invited to participate in the focus groups were those who had an interest in online gambling, but who had not played. These individuals cited these reasons when asked why they had not gambled online:

I don't like that you have to put a credit card. You have to put a credit card to play, and I don't (want to do that).

Very rarely will I buy anything off the internet, and they say that your, you know, your card is protected and whatever, but I personally don't believe that.

Well, I like online transactions. I actually buy a lot of things through online, but internet websites and stuff, that provide the gambling services -- I don't trust those companies.

It's more the trust issue, of course, but the social issue is that half the fun of gambling is being with other (gamblers).

I don't trust it either -- there's no socialization to it, (so) why do it? I mean I'd rather play the stock market or something online.

I do a lot online, but, you know, I don't—I would not feel comfortable, I think, using that (credit) card. For me, gambling is an event, it's the play, and it's companions, and to be gambling online would totally take that out of the event.

I never really wanted to give that information because my friends told me that, well, they just close up shop and take your money that you have deposited and stuff.

You know, there's so many good players out there. You see the thousands and thousands of people at the Rio every year for the World Poker, that I don't know that I'm good enough for that.

When you put your credit card in, and you have a seven-thousand-dollar ceiling, you've just opened your wallet to the house and that's like, well, when do I stop this? I can't get away from this. I have a few more thousand. I can still play. And who knows where it winds up? And then you just set yourself up for that.

It becomes more funny money. I mean it's one of the reasons why the casinos have gone to, you know, ticket in-ticket out and don't have quarters banging on the machine anymore, aside from the savings of not having to stack the machines and needing to process it. It's not money, it's a piece of paper, and if you cash out with a bucket full of quarters, you're not as likely to stop at another machine as you are to go to cash out, whereas if you get a piece of paper in your hand, you can put it into another machine. So it's (making you think) that it's not money.

We continued with this sub-sample by asking them how likely it was that they would participate in online gambling if Nevada licensed and regulated the activity. Table 26 summarizes the responses recorded on this item.

Table 26. Likelihood of Participation if Nevada Licensed and Regulated Online Gambling (asked of those who have not gambled online)

| Response | | Frequency | Percent of Overall Sample | Percent of Non-Online Gamblers |
|----------|-------------------|-----------|---------------------------|--------------------------------|
| Valid | Not at all likely | 838 | 83.8 | 88.2 |
| | Somewhat likely | 89 | 8.9 | 9.4 |
| | Very likely | 23 | 2.3 | 2.4 |
| | Total | 951 | 95.1 | 100.0 |
| Missing | DK/No answer | 13 | 1.3 | |
| | System | 37 | 3.7 | |
| | Total | 49 | 4.9 | |
| Total | | 1000 | 100.0 | |

Of those who have not gambled online, respondents overwhelmingly said that regulation and licensure of internet gambling would not alter their participation patterns. Of our sub-sample of those who had not gambled online (“non-online gamblers” in the table), 88.2% reported that they would not be likely to participate in licensed and regulated online gaming if it were offered by Nevada casinos. At the same time, nearly 12% of these “non-online gamblers” indicated that they would be “somewhat likely” or “very likely” to participate if Nevada got involved in the oversight of the online gambling industry.

In the qualitative component of this project, we asked those who had not gambled online about the degree to which their feelings would change if Nevada's regulatory bodies got involved. Again, in general, it did not seem that this development would affect these individuals very much, but their responses reveal a bit more subtlety about non-online gamblers' feelings on this topic:

I don't think it would affect me but I think it would affect probably a lot of people.

Well, yes, from a personal standpoint it wouldn't change anything.

I don't think it would affect my gambling at all, but as the parent of a fifteen-year-old son, that would be another discussion that I would have to have regarding, you can't do this on the internet and you can't [rolls eyes] [laughter]. I mean there would probably be another series of (conversations), you know, "don't go to these websites."

I think that (at first) I'd have the same level of distrust, but, you know, I think that maybe over time (there would) be a paradigm change.

(Online) there's too much area for corruption. I mean there's a certain amount of limitations (regulators) can put within casino walls, to eliminate that corruption... I think (online gambling) is completely out of control.

(Online gambling) concerns me only because it's too free. I mean here there's such—there's so many rules and so many laws and regulations that, you know, [unclear] by the different properties, and online it's just that it's online. It's free, it's open, you know, it's not regulated. There's no regulation over it, and I think that that's just scary.

I think that all of these concerns, I think, would be solved by regulation.

I don't think the government can ignore it. It's too easy, it's too there. (I) would feel more comfortable if it were regulated. I think that's the only way it could ever be

comfortable for a lot of people would be to regulate it, and just to ignore it would be ... (shakes head). It's there. Just because you don't want it to be there doesn't mean it's not.

I'm definitely in favor of legislation and regulation. I think that's the only way, even if it's just to get the cut (of internet revenues for the state), but at least having somebody watch what you're doing.

In qualitative settings, we asked online gamblers a subtly different question: if Nevada licensed and regulated online gambling, would it affect your online play at all? Responses were mixed, but provide interesting detail to this analysis (note that all of these responses come from those who have actually gambled online):

I'd probably feel the same about it. Wouldn't really affect me.

Yes, definitely. Just if on the off chance I didn't feel like going out and getting dressed and going to the casino, I could sit down and get on the computer and do it.

There's good and bad on both sides of this, and it depends whose ox is getting gored.

Definitely. I mean, maybe not every day, but some days you just don't feel like getting up – don't feel like going into the casino and doing all the work it takes to play, you know, that'd be great. I don't know if I'd play every day or whatever, but certainly I'd play.

(I would play) more often, definitely.

It wouldn't change mine at all because, going to the casino is getting out of the house for me and getting away from the kids for a little bit. It wouldn't affect me that much.

I'm not worrying about playing and you know – getting arrested for playing, I'd be worried about having no grounds to collect winnings.

Others were sure they'd hop online if the circumstances changed: *I think I'd definitely play. I'd be right there playing if they had it. I got out of it because I felt like my money wasn't going to be safe because everything was closing down, and if I felt like everything was going to be run legally and legit and it wouldn't be any problem, I'd definitely play.*

One indicated that regulation would help ensure that hands were truly randomly dealt: *I trust the system. I worked for the (state organization) and we sometimes worked with the Gaming Board when we had issues, and I trust that system, ... where Party Poker, I never really trusted that, and I would—sometimes I'd see the hands and I'm going, This is—this is way out—this is way out of, you know, what normal would be or something.*

We now shift our attention more exclusively to analyses of the sub-sample of respondents who indicated that they had gambled online. Note that the quantitative data summarize the responses of the 37 respondents who had gambled online. This constitutes a relatively small sub-sample, but nevertheless one that should be representative of the broader population of internet gamblers in Nevada, due to the random nature of the sampling procedures. In addition, 18 online gamblers participated in in-depth focus groups and interviews, adding greater depth to the overall analysis.

Table 27 summarizes frequency data on online gamblers:

Table 27. Frequency of gambling online

| | | Frequency | Percent | Cumulative Percent |
|---------|-----------------------------|-----------|---------|--------------------|
| Valid | About once per year | 4 | 9.8 | 9.8 |
| | About once every few months | 9 | 25.5 | 35.3 |
| | About once every month | 7 | 18.5 | 53.8 |
| | About once every week | 5 | 15.0 | 68.8 |
| | A few times per week | 6 | 15.1 | 83.9 |
| | Every day | 6 | 16.1 | 100.0 |
| | Total | 37 | 100.0 | |
| Missing | System | 963 | | |
| Total | | 1000 | | |

Of Nevadans who gambled online, 46.2% estimated that they gambled weekly or more often, with the remainder tending to gamble once every few months or once every month.

Next, we explored the length of the typical online gambling episode, and the results are tabulated in the following table.

Table 28. Length of Typical Online Gambling Episode

| | | Frequency | Percent | Cumulative Percent |
|---------|--------------------|-----------|---------|--------------------|
| Valid | Two hours or more | 18 | 49.4 | 49.4 |
| | One hour | 7 | 20.0 | 69.4 |
| | Less than one hour | 11 | 30.6 | 100.0 |
| | Total | 37 | 100.0 | |
| Missing | System | 963 | | |
| Total | | 1000 | | |

Strikingly, roughly half of the online gamblers in this survey played for two hours at a time or more, indicating that this can be an immersive and intensive activity for many who play. It would seem that as a group, online gamblers represent a small but hardcore and passionate group, as is often the case with emerging technologies.

Qualitative responses allow for a bit more depth of understanding the ways in which time plays out in the online environment:

It depends – I usually played like the \$6 tournaments, sooo... depends on how well I was doing on them. If I win I might play for a few hours. I say average probably one and a half to two hours per session. It didn't really affect my (land-based) gambling. I still liked playing live games. I played about the same.

I'd say approximately two hours at a time.

Depends on how long I last, usually I just played poker tournaments, so it depends on how long I go – could be up to 6 hours, on average 2-3 hours.

About 3 hours a day, 5 days a week – probably 15 hours a week.

At least an hour or two a night, I'd say.

It depends, some days if I'd win quickly I'd just get out. If I got down, I'd play 'till I got back up. So it'd be anywhere from an hour to like six or seven.

One individual participating in a qualitative telephone interview was asked about the last time he played online, and it turned out that he was actually gambling online *while conducting the interview* – perhaps revealing the degree to which online gambling can be a multi-tasking endeavor:

I'm playing right now! I'm in a tournament and it pays 3 places and there's four of us left. It's one of the offshore sites, and it's a low-limit, I paid \$20 for the entry fee, and if I finish third, which it looks like I'll do, I'll get about \$70.

Both the quantitative and the qualitative components of this study aimed to learn about the appeal of online gambling to those who played in this environment. Table 29 summarizes the survey responses to this question:

Table 29. Reason for Gambling Online

| | | Frequency | Percent | Cumulative Percent |
|---------|--|-----------|---------|--------------------|
| Valid | Convenience | 13 | 36.6 | 36.6 |
| | Mobility challenges (e.g. inability to get out of house) | 2 | 4.1 | 40.7 |
| | Enjoyment | 12 | 33.1 | 73.8 |
| | Socializing with other online gamblers | 2 | 4.8 | 78.6 |
| | Chances of winning | 7 | 18.1 | 96.7 |
| | Privacy/Anonymity | 1 | 3.3 | 100.0 |
| | Total | 37 | 100.0 | |
| Missing | System | 963 | | |
| Total | | 1000 | | |

Of those who gambled online, 36.6% chose convenience as the most important reason motivating their decision to play online. Enjoyment was a close second, with 33.1% of online gamblers choosing that as the primary impetus for online wagering.

The findings from the qualitative analyses also indicated that convenience was a major draw for most online players, but their responses provide some important depth and nuance. Many cited the speed as a convenient aspect of their play, others noted the variety of games available so quickly and easily, while others found it an easy way to play for small stakes. Importantly, many descriptions seemed to touch upon some aspect of enjoyment, too.

At home I can have my cigarette; I can kind of watch the game while I'm not in it. So that is one of the things that I do enjoy about it.

Yeah I think it's convenience – you can get so many more hands per hour, if I wanted to play in a real casino atmosphere, I might have to play twice as long. I can play in my

pajamas, I can play anytime night or day, and I get as many hands as I want just because the computer software is so much faster.

You can play multiple hands at the same time. It's faster ... you don't have to wait for the people to deal, you can play like three or 4 tables at once, instead of at the casino where you can only play one table and you have to wait for everyone to deal and bet.

It's just being able to multitask and like read the news, do some work, and play poker at the same time. That's why you love it, I think.

Convenience, there's just more options to play different tournaments.

You don't have to dress -- you know, (you can) play in your underwear.

I liked the pace that you were able to make decisions in the game. It was nice that I could just sit at home and play.

One interviewee linked the convenience factor to his family:

If you're married and you have a wife and kids, and to say I'm going to the casinos all the time, it starts looking bad, so I justify playing online (because) it's right there (at home), you're (still) with the family.

Though only one quantitative survey participant cited the anonymity of online gambling as a pull factor, in the qualitative settings this topic spurred animated discussions of the social aspects of online compared with land-based gambling:

I think (online) there's less inhibitions, social inhibitions, so to speak, and you can do things you might be ashamed to do in the poker room. If you're at a table and you're having a bad day, it's embarrassing, but online, nobody really knows.

Many poker players actually disliked the anti-social nature of online gambling. This comment summarizes this concern:

I didn't like that it (online gambling) was less social. The social aspects, maybe poker in person is better. My dad (also an online gambler) would just stay in when online was legal, and he missed the social camaraderie of the game, now that it's illegal, it's made my dad a lot more active in getting out there. A skilled player, if your skill is reading people, reading body language, that aspect is totally eliminated in online gambling.

Qualitative interviews also frequently reveal answers that are not covered in predetermined categories of quantitative analyses. In this instance, several respondents cited the price of online gambling as an important component of its appeal.

When you play online they take a lot less of an entry fee.

I can practice my skills at affordable prices.

You take the casinos for example in their race book, and online they charge 3%, but in the casinos they charge 5%, so everybody went online.

It's fun and it's inexpensive. It's less than the tips at a brick and mortar.

Another unanticipated attraction that was not included in the quantitative interviews was the learning process. This tendency was especially apparent with poker players, and certainly reflective of the so-called “poker boom” online and in land-based environments.

You can make (computer) programs work for poker. You can track your play and learn a lot more about your tendencies.

Another good thing is that I can teach friends – it's a lot easier online, you can't talk during a hand in person, it's like a multimedia teaching screen.

You can teach someone who wants to learn online. It's hard to learn in a brick and mortar casino, sit down next to me, and talk about their hand – online I can tell them what I'm doing, why I'm doing it, and this and that. It's easier to teach someone new.

I learned how to play poker online – you got so many hands per hour, you get three times as many hands, so you can get a lot better a lot quicker. You have a lot of comfort- - you can sit in your bed and play for 12 hours, a lot more hands than in a casino – you can get better quicker. I learned how to play the basics, and then once I got to the regular casinos I learned more about reading people and stuff like that – but I already knew how to play.

(Online) people learn the game without being embarrassed.

I took the (online) class to learn about all the games and how to play.

In discussing the pros and cons of online gambling, some respondents cited the virtual nature of their online wagers as a negative, and felt that their gambling money was devalued to a greater degree in the online world:

I feel like when you go and you play poker at a casino, and playing a lot of games right there, the chip—you lose (the sense of) money with the chip, so you have a five-dollar chip and you're not even realizing (the monetary value). When you're playing online, I think it's even worse, because you don't even have chips in front of you, you know, you're on the screen and... there's just numbers. You don't have a stack in front of you and you really can lose track of how much you're going to lose quickly.

I can tell you with personal certainty that when you sit there at a big table with ten thousand dollars in front of you in cash, it hurts when you have to go to that money. And

you don't spend it nearly as fast as you'd spend it if you had chips in front of you or just had credits on the screen.

These discussions on big losses often overlapped with concerns about the social issues associated with online gambling. A theme that emerged in the focus group with non-online gamblers was the concern that kids and problem gamblers would play in an uncontrolled fashion:

There's no way to make sure that children are not using it, at all. I mean, you know, there's no way to do that, and the social aspect that there's problem gamblers that are just... (trails off)

Problem gambling was a theme that even those who had played online expressed strong concerns about – sometimes in discussing their own play:

I would spend long, long hours playing online, and that's why I figured out it can be a dangerous thing – you can't get away from it, it's just right there in your home... As soon as I got money, I probably played poker for like a few days straight, pretty much – it's just so bad, people don't realize how easy it is to get caught up in it. I made them (the gambling website) more money – I don't have the money anymore – in just rake alone. I figured it out from the promotional points that they give you – I don't think it should be illegal, necessarily, myself, but I feel bad about people who can't control themselves.

Interestingly, some of the online gamblers in the qualitative settings indicated that they once played heavily – perhaps too heavily – but ultimately got their play under control. Once again we can see that for our participants, the positives and negatives of gambling are dynamic, and often, qualitative data are better suited to reflect this complexity.

Interestingly, many in the qualitative settings moved to Nevada from elsewhere, and these transient statuses launched many into a discussion that revealed much about gambling online in Nevada compared with other jurisdictions. These respondents usually felt that online gambling was more attractive to them when they lived away from casinos than it was when they lived in Nevada:

I don't even think about (online gambling) anymore just because of where I am now – I'm in Vegas, I'm within three miles of two local casinos and 15 minutes from the center of the Strip. It'd take longer to log into my computer and turn it on than it would take to get to a casino.

(I don't play online) as much since I've been out here, I probably play once every two weeks or so... But before I came out here there was a while when I played like 30 hours a week online. It's really convenient -- when I lived in New York I had to drive an hour and a half to get to a casino to play.

For me, when I was in North Carolina, (online gambling) was my only option, other than traveling or going to the riverboats somewhere. Now, here, I guess it's nice that you can play while you're watching television, it's kind of second nature, it's just kinda nice and convenient – you can play mindlessly.

I actually once I got here I stopped playing online, I mean I probably only played a few times when I got out here. It was so easy to gamble in the real world – why gamble online when you have the convenience of a casino right down the street?

It's almost like similar to you're under-twenty-one, it's more of a thrill maybe to drink than if you're over twenty-one.

It would seem, then, that the appeal of online gambling can be linked with the offerings of land-based casinos in a given jurisdiction – at least for those who participated in the qualitative component of this study. This dynamic leads us to an important point

about the relationship between online gambling and land-based gambling for those who play online.

The research team also sought to learn more about the affects of online gambling on land-based gambling. To this end, Table 30 summarizes online gamblers’ responses to the question, “Has your online gambling affected your land-based gambling?”

Table 30. Has Your Online Gambling Affected Your Land-Based Gambling?

| | | Frequency | Percent | Cumulative Percent |
|---------|--------|-----------|---------|--------------------|
| Valid | Yes | 8 | 20.9 | 20.9 |
| | No | 29 | 79.1 | 100.0 |
| | Total | 37 | 100.0 | |
| Missing | System | 963 | | |
| Total | | 1000 | | |

Here, we can see that nearly four out of five online gamblers surveyed claimed that online gambling activity did not affect their land-based gambling activity – a finding that was generally consistent with the qualitative reports gathered as well. Of the minority group who indicated that online gambling had in fact affected their land-based gambling, most indicated that it had had a negative impact on their land-based gambling (data not shown in table). More specifically, these respondents reported that they had reduced their number of visits and the amount of time they spent in land-based locations. Note that because so few respondents stated that their land-based gambling had actually changed, these numbers need to be interpreted with caution.

When we explored these issues in greater detail with online gamblers in the qualitative settings, participants provided revealing stories about the dynamics of their online play and how it affected their land-based play:

It kept me at home rather than going (to the casino). I just could get my kicks getting online rather than trying to find a place to park – and the traffic here in LV is hell, the traffic is something else, especially around 5-6 o’clock.

Definitely – I played in real casinos less.

Many of the online gamblers who spoke in a qualitative setting seemed to play in both online and land-based environments, depending upon their mood:

Now if there's a tournament that I want to enter, or I'm bored, don't have school, don't have a job to do, (I'll) go down (and) start playing Poker Stars, (I'll) play hold 'em or five-card draw. But I mean, for the thrill of it I would rather play in a casino.

Final Online Gambling Portraits

In this section, we seek to provide a more nuanced portrait of the online gambler in Nevada by focusing on demographic data from the quantitative survey as well as qualitative self-descriptions online gamblers provided to the research team.

At the beginning of the focus group and each qualitative interview with online gamblers, we asked these individuals to describe their “gambling career” generally. Their self-portrayals were revealing, and showed that they hardly limited their play to the online world:

Let's see, I don't remember exactly the first time I gambled, um... I knew that I first got into gambling because of my father, who actually took me out to Las Vegas when I was a young child because he enjoyed gambling. So he took our family on vacation to Vegas so that he could gamble, and he used to kinda get me involved, saying things like 'you go sit over here in the fast food area and give me a little sign and you tell me how much I should gamble on the next hand.' I came out here probably about four times with him before I moved out here on my own.

I started gambling a long time ago. My uncle was on both sides of the fences. First he went to the pizza places to make a bet, and then in turn he ended up working for one and became a bookie, so I kind of got involved into the sports gaming for a while and then I moved out here and then, you know, it picked up here. I don't gamble high stakes, because I have two kids, so I gamble just enough, you know. I don't like machines too much, but when I go out, we try to go out like once a month, out to Laughlin, and so we go like two-dollar blackjack, sit up there for a couple of hours, and that's about it.

Well, I guess I've been gambling for forty years, 90 percent of it sports book.

I supposed I started younger than twenty-one. Being from Chicago, there's bookies everywhere. And actually it probably began, a guy on the corner of my block started an

illegal lottery and we all turned money from that. That's probably where it all got started. Came out here for school. That's the first priority. I've probably gambled in most of the casinos on the Strip. Video poker, slots, table games, pretty much I've tried everything.

I started gambling about twenty years ago, when I lived in Reno. I moved up there and I started playing poker in the card rooms... Now and I play probably twice a week, most stakes, game stakes poker. Rarely play much of anything else unless family or friends are in town and I go screaming and kicking, you know. I might play machines, so a little bit of blackjack when those guys are playing low stakes, but mainly poker.

I got kind of interested in blackjack, just because my grandpa gave me that Thorpe's book, so I was like looking at card counting and stuff like that. And once I got down here and started going to school, I just got really interested in gambling, and mainly not casinos specifically but the games themselves and the mathematics and how to beat them and match play, just kind of from a theoretical perspective, and so I just read everything I knew. I was getting a bunch of books, I joined the online sites that gave you a hundred dollars for doing the sign-up, so I signed up on fifty or sixty different sites, and I actually made money and I was very proud of myself. So now I mainly play poker because most of the other online sites have shut down, and there's not much else to do.

When asked why they liked to gamble generally, online gamblers provided detailed and often impassioned responses, suggesting that these gamblers may represent a small but passionate minority of gamblers:

It's fun, first of all, and actually I've made a lot of money playing poker.

Well, in my case where you're betting sports, you always think you're smarter than the bookie and that you can pick the team with the spread. So it's kind of the rush of your intelligence against the line.

Strategy and the sheer competition.

The culmination of the statistics and psychology, you know, just kind of the mix of everything, it's just that I think it represents all the aesthetics of gambling and, you know, I started out studying mainly blackjack and so I was very by the numbers, ... and so it's just a culmination of math and psychology amounting to, you know, I think it's a pure form of risk analysis.

First is, the number-one thing I like is sports. I pretty much spend my life around sports.

And so for me, betting on sports, it justifies to my wife when I say,

"Oh, I have to watch these games today," (laughter) so it justifies—I got all the packages, baseball packages, football packages, I had to switch to DirecTV just to get all of them now. The second is just for the good time. ... If I win ten dollars and drank for four hours, that's, you know, come out ahead in my book. It's a lot cheaper than a bar. And the entertainment factor, you know, I like the social interaction. That's why I don't play slot machines and things like that. So it's just more of a social outing, to me.

Well, first of all, making money is fun, when you make it, and then, you know, sitting down at the poker table, it's always like you against nine other people and they say it's like war. And it's fun, you know, and it's always new people, new personalities.

When asked how frequently they played in land-based environments, online gambling participants in the qualitative settings responded as follows:

Every day.

Minimum of once a week, sometimes 2-3.

Like once a week.

Once or twice a month.

Since I got out here I've probably went once or twice per week

About once every two weeks, I'd say.

About 40 hours per week.

One or two times a week.

If I'm doing something else, maybe once a week. If I have some cash on me and got nothing else to do, I'll go play cards every day.

One minor responded thusly: *I can't legally do it [laughs]. If we ever go out to dinner, you know, I'll walk through casinos and do whatever, video poker.*

Next, the research team was interested in learning more about the specific sites that these players visited and played. When we combine the online websites that qualitative and quantitative respondents listed as having visited, we get a strong sense of the most popular web sites for Nevadans in the online gambling environment. The following is a comprehensive list of the online casinos that those participating in the statewide survey cited:

**Online Gambling Sites Cited by Online Gamblers
in the Statewide (Quantitative) Survey**

bodog.com
fulltiltpoker.com
noblepoker.com
lovetogamble.com
partypoker.com
mangocasino.com
bluebellcasino.com
pacificpoker.com
absolutepoker.com
empirepoker.com
bet365.com
pokerplex.com
partypoker.com
pokerstars.com
raceandsportsbook.com
sportsbook.com
sportsline.com
ultimatebet.com

When the qualitative interviewees were asked where they played, these participants provided a bit more detail:

A lot of my friends were really into Party Poker, so I tried it out.

Doyle's Room (after poker legend Doyle Brunson), and then Ultimate Bet.

Party Poker. It was a great site.

The Ultimate Bet.

I liked Poker Stars, Party Poker, that'd be it.

Seniorpoker.com, okjohnny.com, partypoker.com

Party Poker, Full Tilt Poker, Poker Superstars

Poker Stars, Paradise Poker.

I've played on Ultimate Bet, and Poker Stars.

I miss Poker Stars.

Full Tilt Poker.

MVP Sports Book, I played the World Sports Exchange... those two are both bigger sports books than they were poker rooms, and that's why I liked them. I found that there were a lot less good card players... somebody won a couple of thousand on a sports book and then went into the poker room, whereas on the poker sites you'd find people who were big-time players, really good players. In fact, MVP sports books would only have small limit games at night, and during the day they'd have nothing – it was real small.

I just play on Poker Stars now. I used to play on Party (Poker). Before that, I signed up on a bunch of smaller, non-poker casinos.

From new to old, Hotels, Poker Stars, Party, Air Dice, Buggy's, whenever that one was around, that was what was going. I have a bunch of them saved on my desktop right now.

And then I like to read about poker, too, online.

There's this online e-mail poker that I play. It lasts up to eight months. There's about eleven hundred, twelve hundred people sign up every year. It's called WRGPT. And it starts in October, you sign up for it, and the computer that they have will take all these people and cut them up and then put them in tables and post your action, et cetera, in advance if you want. It's Texas Hold 'em, and people just get one day in the course of the months. They can take three hours to play a hand or three days.

Party Poker, Paradise Poker, Bodog.

I've been to like all of them, but for the most part Poker Stars, Party Poker, Ultimate Bet.

Mostly just the big poker sites.

Most interestingly, in conducting this research it became clear that the story of online gambling in Nevada today is very frequently a story of online poker. Note that both the qualitative and the quantitative data presented here point to the dominance of online poker, with sports wagering seeming to hold a distant second place. This no doubt reflects the so-called “poker boom” that has changed the gambling scene in so many venues, real and virtual. Once again, this evidence suggests that the online environment appears to be a dynamic one, and one that is highly sensitive to shifts in the broader gambling and policy worlds.

Finally, we turn our attention to the demographics of those who have not gambled online and compare them with those of online gamblers. When we look at Table 31 below, we can see that the age of the online gambler is noticeably younger:

Table 31. Age and Online Gambling Patterns

| | | | In the past five years, have you ever gambled online for real money? | | | Total |
|-------|-------------------------|-------------------------|--|--------|--------------|--------|
| | | | Yes | No | DK/No answer | |
| Age | 18-24 | Count | 11 | 84 | 0 | 95 |
| | | % within age | 11.6% | 88.4% | .0% | 100.0% |
| | | % within gambled online | 30.6% | 10.2% | .0% | 11.0% |
| | 25-34 | Count | 9 | 160 | 2 | 171 |
| | | % within age | 5.3% | 93.6% | 1.2% | 100.0% |
| | | % within gambled online | 25.0% | 19.4% | 100.0% | 19.9% |
| | 35-44 | Count | 7 | 174 | 0 | 181 |
| | | % within age | 3.9% | 96.1% | .0% | 100.0% |
| | | % within gambled online | 19.4% | 21.1% | .0% | 21.0% |
| | 45-54 | Count | 2 | 155 | 0 | 157 |
| | | % within age | 1.3% | 98.7% | .0% | 100.0% |
| | | % within gambled online | 5.6% | 18.8% | .0% | 18.2% |
| | 55-64 | Count | 5 | 119 | 0 | 124 |
| | | % within age | 4.0% | 96.0% | .0% | 100.0% |
| | | % within gambled online | 13.9% | 14.5% | .0% | 14.4% |
| | 65 or older | Count | 2 | 131 | 0 | 133 |
| | | % within age | 1.5% | 98.5% | .0% | 100.0% |
| | | % within gambled online | 5.6% | 15.9% | .0% | 15.4% |
| Total | Count | 36 | 823 | 2 | 861 | |
| | % within age | 4.2% | 95.6% | .2% | 100.0% | |
| | % within gambled online | 100.0% | 100.0% | 100.0% | 100.0% | |

Once again, we list percentages in both directions because both can tell meaningful stories. As a group, this sample suggests that online gamblers are younger

than those who do not gamble online. For instance, more than half (55.6%) of the online gamblers were under the age of 35, whereas only 29.6% of those who had not gambled online were under the age of 35. When we look at the percentage of individuals within given age categories who have gambled online, most notable is the elevated percentage among 18-24 year olds (11.6% of whom have gambled online) and 25-34 year olds (5.3% of whom have gambled online).

Interestingly, in exploring the age variable in the qualitative settings, participants often talked about the “younger” nature of the online gambling environment – and even the appeal of online gambling to underage players, a decided negative from the perspective of policymakers. Though we should note that only 5% of online gamblers surveyed were currently under 21, given that so many in the survey were relatively young, it could be that a substantially greater percentage gambled online while underage.

When asked directly about the age demographic, qualitative subjects had this to say:

Online is more younger people.

Yeah, a lot of teenagers play online because they can, you know.

I would probably say (I started) when I was 18 – I wasn't that into poker back then, but the fact that I could play when I was 18 was appealing.

(I started) my senior year of high school so I was like 18.

It's not that I would rather do that (gamble online), it was just that I was under 21 and that's the only way I could gamble.

It was the fact that I could play anytime I want and, you know, I couldn't at that age go out to the casino, and, you know I lived on the east coast at the time so I couldn't go to a casino.

One underage participant: *"Yeah, I just—even when they request, you know, a photocopy of your ID or something, you can Photoshop that."*

I mean I know lots of – that's how lots of my friends got into this, is that we were too young to do this, and people say you can't do it, so of course you want to do it, you seek it out, you're coming of age, and this is one avenue to break free. You don't have to be a certain age to join the non-money accounts. But anybody who has half a brain can figure out how to get around it (and play for money). I think it's a big problem.

One participant suggested that ultimately players "graduate" from the online environment to the brick and mortar one:

Once they become legal, if they can go to a casino and (play) in a live game, they'll do it. But I feel like they would've never had that draw of poker if it wasn't online initially, because they could play when they were eighteen.

These qualitative and quantitative findings suggest that underage gambling may well be a strong appeal factor for some who gamble online. At the very least, it seems clear that it has been easy for underage gamblers to access the online gambling world thus far.

Next, we examined the gender breakdowns among those who had not gambled online and those who had. The results are summarized in the table below:

Table 32. Gender and Online Gambling Patterns

| | | | In the past five years, have you ever gambled online for real money? | | Total |
|--------|--------|-------------------------|--|--------|--------|
| | | | Yes | No | |
| Gender | Male | Count | 28 | 432 | 460 |
| | | % within gender: | 6.1% | 93.9% | 100.0% |
| | | % within gambled online | 75.7% | 51.6% | 52.6% |
| | Female | Count | 9 | 405 | 414 |
| | | % within gender | 2.2% | 97.8% | 100.0% |
| | | % within gambled online | 24.3% | 48.4% | 47.4% |
| Total | | Count | 37 | 837 | 874 |
| | | % within gender: | 4.2% | 95.8% | 100.0% |
| | | % within gambled online | 100.0% | 100.0% | 100.0% |

In looking at this table, it appears that online gambling appeals to males more than females, as 75.7% of the 37 online gamblers were male. Land-based gamblers were much more evenly distributed with regard to gender, as 51.6% of them were male. Meanwhile, when looking at the percentages in the other direction, we see that 6.1% of males have gambled online, while only 2.2% of females have done so.

We also asked our qualitative participants to opine on the gender breakdowns online. One female participant who had gambled online said:

I don't see women that often in poker rooms and I don't see them on TV.

Another male participant estimated that women constitute “less than 10 percent” of players online and in brick and mortar – a sentiment that was met with general agreement in the online gambling focus group.

Table 33 shifts focus to marital status and online gambling patterns:

Table 33. Marital Status and Online Gambling Patterns

| | | | In the past five years, have you ever gambled online for real money? | | Total |
|------------------------------|----------------------------------|----------------------------------|--|---------------|--------------|
| | | | Yes | No | |
| What is your marital status? | Single [Never Married] | Count % within gambled online | 11 30.6% | 164 19.8% | 175 20.3% |
| | Single [Divorced or Separated] | Count % within gambled online | 6 16.7% | 122 14.8% | 128 14.8% |
| | Married | Count % within gambled online | 19 52.8% | 478 57.8% | 497 57.6% |
| | Domestic Partnership | Count % within gambled online | 0 .0% | 11 1.3% | 11 1.3% |
| | Widowed | Count % within gambled online | 0 .0% | 52 6.3% | 52 6.0% |
| Total | Count % within gambled online | 36 100.0% | 827 100.0% | 863 100.0% | |

It would seem from this analysis that in terms of their marital status, online gamblers do not differ meaningfully from those who do not gamble online. Here, the

modal response for both groups was “married,” at rates of 52.8% and 57.8%, respectively.

We thought that perhaps this variable might break down differently if we focused upon cohabitation patterns, but once again, differences were minimal:

Table 34. Cohabitation Status and Online Gambling Patterns

| | | | In the past five years, have you ever gambled online for real money? | | Total |
|---------------------|-------------------------|-------------------------|--|--------|--------|
| | | | Yes | No | |
| Cohabitation Status | Living Alone | Count | 18 | 338 | 356 |
| | | % within marital status | 5.1% | 94.9% | 100.0% |
| | | % within gambled online | 48.6% | 41.4% | 41.7% |
| | Living With Someone | Count | 19 | 478 | 497 |
| | | % within marital status | 3.8% | 96.2% | 100.0% |
| | | % within gambled online | 51.4% | 58.6% | 58.3% |
| Total | Count | 37 | 816 | 853 | |
| | % within marital status | 4.3% | 95.7% | 100.0% | |
| | % within gambled online | 100.0% | 100.0% | 100.0% | |

Next, we examined the educational levels of online gamblers and compared them with those who had not gambled online. These results are summarized in Table 35:

Table 35. Education and Online Gambling Patterns

| | | | In the past five years, have you ever gambled online for real money? | | Total |
|-----------|----------------------------------|-------------------------|--|--------|--------|
| | | | Yes | No | |
| Education | Some High School | Count | 2 | 37 | 39 |
| | | % within education | 5.1% | 94.9% | 100.0% |
| | | % within gambled online | 5.6% | 4.5% | 4.5% |
| | High School Graduate | Count | 6 | 212 | 218 |
| | | % within education | 2.8% | 97.2% | 100.0% |
| | | % within gambled online | 16.7% | 25.5% | 25.1% |
| | Some College | Count | 12 | 289 | 301 |
| | | % within education | 4.0% | 96.0% | 100.0% |
| | | % within gambled online | 33.3% | 34.8% | 34.7% |
| | College Graduate/Graduate Degree | Count | 16 | 293 | 309 |
| | | % within education | 5.2% | 94.8% | 100.0% |
| | | % within gambled online | 44.4% | 35.3% | 35.6% |
| Total | Count | 36 | 831 | 867 | |
| | % within education | 4.2% | 95.8% | 100.0% | |
| | % within gambled online | 100.0% | 100.0% | 100.0% | |

This table lists percentages in both directions to reveal a bit more depth. For instance, from this table, we can see that 77.7% of online gamblers reported education beyond that of a high school degree, while 70.1% of land-based gamblers reported the same amount of education. Further, 44.4% of online gamblers reported the obtainment of a college or graduate degree, while only 35.3% of those who had not gambled online reported this level of educational achievement. Overall, then online gamblers appear to be more educated than those who have not gambled online; however, this rate was computed from only 36 responses, so results should be interpreted with caution. Note

that when we look at percentages in the other direction, we see elevated percentages of online gambling among respondents with less than high school education, as well as among those reporting a college degree or higher as their educational level. Overall, though, given the relatively small number of “less than high school” respondents, this elevated rate was not enough to pull the overall educational level of the online gambler “down.”

Table 36 explores correlations between income and online gambling patterns:

Table 36. Income and Online Gambling Patterns

| | | | In the past five years, have you ever gambled online for real money? | | Total |
|--|------------------------|-------------------------------------|---|---------------|---------------|
| | | | Yes | No | |
| What is your approximate household before-tax annual income? | Less than \$20,000 | Count % within gambled online | 3 8.8% | 88 12.4% | 91 12.2% |
| | \$20,001-\$30,000 | Count % within gambled online | 0 .0% | 83 11.7% | 83 11.2% |
| | \$30,001-\$40,000 | Count % within gambled online | 2 5.9% | 76 10.7% | 78 10.5% |
| | \$40,001-\$50,000 | Count % within gambled online | 2 5.9% | 70 9.9% | 72 9.7% |
| | \$50,001-\$60,000 | Count % within gambled online | 8 23.5% | 89 12.5% | 97 13.0% |
| | \$60,001-\$70,000 | Count % within gambled online | 1 2.9% | 70 9.9% | 71 9.5% |
| | \$70,001-\$80,000 | Count % within gambled online | 1 2.9% | 49 6.9% | 50 6.7% |
| | \$80,001-\$90,000 | Count % within gambled online | 3 8.8% | 43 6.1% | 46 6.2% |
| | \$90,001-\$100,000 | Count % within gambled online | 6 17.6% | 39 5.5% | 45 6.0% |
| | More than \$100,000 | Count % within gambled online | 8 23.5% | 103 14.5% | 111 14.9% |
| | Total | Count % within gambled online | 34 100.0% | 710 100.0% | 744 100.0% |

Here, we can see that 69.2% of the online gamblers reported an approximate pre-tax household income in excess of \$50,000, with 23.5% claiming a household income greater than \$100,000. In comparison, 59.4% of all land-based gamblers reported household income in excess of \$50,000, with 14.5% reporting household income beyond \$100,000. These preliminary data, then, suggest that online gamblers appear to be wealthier.

Overall, in terms of demographic profile, we should be cautious in interpreting these numbers because of the analytical limitations associated with the low prevalence rate of online gambling overall. However, these exploratory analyses do suggest that online gamblers appear to be younger, male, wealthier, and better educated – a finding that puts them squarely consistent with the literature on new technology adopters.

In general, research suggests that people who adopt new technologies tend to be younger, male, and more educated and have a greater income than those who do not adopt it (Danko & MacLachlan, 1983; Darian 1987; Gatignon & Robertson, 1991; Greco & Fields, 1992; Sim & Koi, 2002; Zeithaml & Gilly, 1987). In looking at new technology adopters, Rogers (1983) identified five adopter categories: Innovators, Early Adopters, Early Majority, Late Majority and Laggards. According to Rogers, Early Adopters play a key role in getting an innovation to the point of critical mass, or what Gladwell would later call a “Tipping Point.”

Hence, while it certainly appears that we have not yet reached a “tipping point” for internet gambling, the trends thus far definitely look familiar to those who have studied new technology adoption. In the future, it will be interesting to explore the degree to which these typologies and theories in fact played out in the online gambling environment.

CONCLUSIONS

At the beginning of this report, we outlined six key research questions that guided this qualitative and quantitative inquiry:

- What are the prevalence rates for online gambling among Nevadans?
- What are the reasons behind Nevadans' choice to gamble online – or not to gamble online?
- What are the demographics associated with Nevadans who gamble online?
- To what degree is Nevadans' online gambling affecting their land-based gambling?
- To what degree are Nevadans confident in the integrity of online gambling?
- To what degree do Nevadans anticipate changing their behaviors should online gambling be licensed and regulated?

In this section, we will outline the answers that this research has provided on these important matters.

What are the prevalence rates for online gambling among Nevadans?

Based upon a random 1000-resident sample of Nevada residents, 3.7% of the state's residents indicate that they have gambled online in the past five years. Though measurement differences make it difficult to generate perfectly parallel comparisons with previous research (an issue that has challenged the young field of gambling studies since its inception), this rate appears to be consistent with previous comparable estimates. Our qualitative analyses suggest that factors that might elevate this rate in Nevada (such as an apparently elevated tendency to gamble among residents, noted by Volberg (2002) in her previous statewide survey of Nevadans) are potentially mitigated by factors that might depress this rate (such as the wide availability of land-based gambling outlets).

Beyond this basic prevalence rate, this research uncovered a number of other interesting findings. It appears that poker stands as the dominant game of choice among the online gamblers we studied, with sports wagering a distant second. About 1.3% of all Nevadans sampled say that their “favorite” gambling activity can be found in the online environment, while about 1.5% of Nevada’s gamblers said the same. When asked about their favorite locations to gamble, casino environments remain the overwhelming favorite among Nevada’s gamblers (85.4%), and online environments lag far behind (at just under 1%). This indicates that online gaming environments still have a long road ahead if they wish to challenge the popularity of land-based gaming environments in Nevada. However, we should note that larger percentages of Nevadans have indulged in online gambling “for fun” (that is, without wagering actual money): 15.6% of the overall sample indicated that they had engaged in this form of play.

| |
|--|
| <p style="text-align: center;">What are the reasons behind Nevadans’ choice to gamble online – or not to gamble online?</p> |
|--|

Both “convenience” and “enjoyment” were cited by the largest proportion of internet gamblers in the quantitative and qualitative settings, with many citing the opportunity to win money as well. Qualitative data revealed a number of dimensions of each these constructs, and also revealed reasons that had not been included in the predetermined categories of the telephone survey (including the relatively low cost of online gambling and the opportunity to learn and teach gambling skills online). Also in the qualitative settings, it became clear that for many who had moved to the state recently, online gambling became less appealing than it was when they lived in an area without significant access to traditional gaming outlets.

Meanwhile, for the vast majority of survey participants who had not gambled online, most stated that the activity did not interest them. Technology played a role for a sizable minority who cited lack of access or internet savvy as an obstacle that kept them from wagering online. Privacy concerns were also voiced in both the quantitative and qualitative settings.

Importantly, both online and non-online gamblers pointed to underage gambling and problem gambling as primary social concerns with the activity.

What are the demographics associated with Nevadans who gamble online?

Overall, online gamblers who participated in the statewide survey tended to be younger, male, wealthier, and better educated than those who have not gambled online. Strikingly, this initial finding is very much consistent with previous research suggesting that those who adopt new technologies in general tend also to be younger, male, wealthier, and better educated. Other researchers in new technologies suggest that early adopters play a key role in moving these technologies to the point of critical mass – or what Malcolm Gladwell termed “The Tipping Point” in his bestseller of the same name. Time will tell whether our 3.7% of “early adopters” of internet gambling technologies will prove similarly influential in spreading internet gambling.

To what degree is Nevadans’ online gambling affecting their land-based gambling?

The answer to this question appears to be “not much,” at least for the majority of respondents. Four out of five online gamblers surveyed said that online gambling had not affected their gambling in conventional settings. In the qualitative settings, we explored these issues with greater depth, and while some certainly indicated that they gambled less in physical environments when they were indulging in virtual ones, in general the consensus appeared to be that online gamblers tended to play in both settings – perhaps depending upon their mood or type of game desired.

We should note, though, that of the very small group of online gamblers surveyed who said that their online gambling did in fact affect their land-based gambling, almost all indicated that they gambled in brick-and-mortar environments less – with a small number saying that they actually learned to play online, and then tested their skills in the physical environment. This evidence suggests that gambling is a dynamic and

multifaceted behavior, and that the virtual/physical choice is not necessarily mutually exclusive.

To what degree are Nevadans confident in the integrity of online gambling?

To this inquiry, the general consensus of Nevadans appears to be “not very” – though again, further exploration of this issue revealed complexities beneath the surface. Sizable proportions of Nevadans indicated that they had concerns about whether online websites and other online gamblers were cheating. Online gamblers, perhaps predictably, demonstrated less of a concern with online cheating than did those who had never gambled online – though overall, the online gambling group still had strong concerns.

When exploring these issues in the qualitative settings, it became clear that confidence varied depending upon the game of choice. Online poker players were not as concerned with the ability of websites to cheat them, but they were definitely convinced that collusion took place among other gamblers at virtual poker tables. These individuals also felt that with a game like blackjack, which pitted online gamblers against the house, the chances of the house dealing from an unfair deck increased.

To what degree do Nevadans anticipate changing their behaviors should online gambling be licensed and regulated?

Although Nevadans overall once again rang in with a consistent “not much,” on this question, our exploratory research revealed interesting and diverse patterns. Nearly nine out of ten Nevadans who had not gambled online said that they were “not at all likely” to participate in online gambling if the state licensed and regulated the activity, while the rest indicated that they were “somewhat” (9%) or “very” (2.4%) likely to do so. In the qualitative settings, many non-online gamblers expressed that while these policy shifts would not affect them personally, it would certainly alter the gambling landscape overall. Meanwhile, qualitative responses among online gamblers were mixed, with some saying that these changes would have no effect, as they were already playing

online, and others indicating that they currently harbored strong concerns about both the legal status and the unregulated nature of the activity – and hence would feel more comfortable gambling online, if licensed and regulated.

In conducting this research, it became quite clear that this historical moment constitutes a unique chapter in the history of online gambling – and one that appeared to have a chilling effect on the patterns of online play. Arrests of high-profile online gambling executives, vigorous anti-internet gambling activity on Capitol Hill, and the shutdown of several sites (and the consequent freezing of gambling assets in some online settings) clearly haunted online gamblers who participated in the qualitative research component of this project – and may have influenced the thoughts and behaviors of those who participated in the survey as well. Ultimately, this research appears to have captured an interesting point in time, and at the very least, these findings underscore the highly dynamic and rapidly evolving world of online wagering today.

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APPENDIX A: ONLINE GAMBLING SURVEY INSTRUMENT

I. Greeting:

Hello, I am calling on behalf of the University of Nevada, Las Vegas. We're conducting an important study of gambling behaviors, and your answers will help us better understand the gambling patterns of Nevadans. At the end of the survey, we may ask you whether you wish to participate in a one-hour focus group, for which you would be compensated with a \$50 gift card.

There is minimal risk associated with participating in this ten-minute study. All answers that you provide will be kept completely confidential, and your name will never be associated with any of your answers. Please know that you can stop the interview at any time and you may refuse to answer any question. If you have any questions about this project, you may contact the principal investigator at (xxx)-xxx-xxxx, or the UNLV Office for the Protection of Research Subjects, at (xxx)-xxx-xxxx.

Do you understand what I've said thus far? [If "yes", proceed]:

Are you willing to participate? [If "yes", proceed]:

To begin with, we need to speak to the person in your household who is 18 or older and who had the most recent birthday. Would that be you? [If "yes", proceed to Q_1]:

Is there a better time to call back so that we may speak to the person in your household who is 18 or older who had the most recent birthday? [If "yes", record callback].

II. Questionnaire:

Q_1: First of all, what is your favorite kind of gambling game?

Is it:

- 1) Blackjack in a casino
- 2) Table poker played in a casino
- 3) Sports betting in a casino
- 4) Craps in a casino
- 5) Slot machines (reel-based) in a casino
- 6) Video poker in a casino
- 7) Roulette in a casino
- 8) Online slot machines
- 9) Online sports betting
- 10) Online poker
- 11) Other online CASINO game (PLEASE LIST)
- 12) Other ONLINE game (PLEASE LIST)
- 13) I don't gamble/None

Q_2: When you do gamble, where do you choose to play most often?

Is it:

- 1) In a casino
- 2) In a bar
- 3) In a convenience store
- 4) In a grocery store
- 5) In a drug store
- 6) In my home with friends (e.g., poker game)
- 7) Online
- 8) Other (PLEASE LIST)
- 9) I don't gamble/None [SKP to Q_5]

Q_3: How frequently do you gamble at this location?

- 1) About once per year
- 2) About once every few months
- 3) About once every month
- 4) About once every week
- 5) A few times per week
- 6) Every day

Q_4: When you gamble at this location, how long a period of time do you usually gamble?

- 1) Two hours or more
- 2) One hour
- 3) Less than one hour

Q_5: In the past year, have you gambled at a casino in Nevada?

- 1) Yes
- 2) No

Q_6: In the past year, have you gambled at another physical location in Nevada, such as a grocery store, convenience store, drug store, or bar?

- 1) Yes
- 2) No

We would like to remind you again that all of your responses are completely confidential, and cannot be linked with your name or identity in any way. We are going to ask you about specific gambling behaviors that many Nevadans have engaged in over the past few years.

Q_7: In the past five years, have you gone to any online gambling web sites?

- 1) Yes
- 2) No

Q_8: In the past five years, have you ever played casino-type games online for fun (that is, while not wagering real money)?

- 1) Yes
- 2) No

Q_9: In the past five years, have you ever gambled online for real money?

- 1) Yes
- 2) No

IF NO, ASK THE FOLLOWING TWO QUESTIONS, THEN SKIP To Q_24

Q_10: Why have you not gambled online?

- 1) Not internet savvy
- 2) Not interested in online gambling
- 3) Concerned about legal issues
- 4) Not familiar with the web sites
- 5) Privacy concerns
- 6) No internet/computer access
- 7) Other (PLEASE LIST)

Q_11: If Nevada casinos offered gambling online that was licensed and regulated by the state of Nevada, how likely is it that you would participate?

- 1) Not at all likely
- 2) Somewhat likely
- 3) Very likely

IF YES, CONTINUE:

Q_12: When you gambled online, what types of gambling did you do? (LIST NAME OF GAME OR SPORT)

Q_13: When you gambled online, which web sites did you visit? (ENTER ALL THAT APPLY)

Q_14: When you gambled online, how frequently did you play?

- 1) About once per year
- 2) About once every few months
- 3) About once every month
- 4) About once every week
- 5) A few times per week
- 6) Every day

Q_15: When you gambled online, how long a period of time did you play for?

- 1) Two hours or more
- 2) One hour
- 3) Less than one hour

Q_16: When was the first time that you gambled online?
(LIST DATE as MONTH/YEAR)

Q_17: When was the last time that you gambled online?
(LIST DATE as MONTH/YEAR)

Q_18: Which of the following reasons were most important to you when you gambled online?

- 1) Convenience
- 2) Types of games available
- 3) Mobility challenges (e.g., inability to get out of the house)
- 4) Enjoyment
- 5) Socializing with other online gamblers
- 6) Chances of winning
- 7) Privacy/Anonymity
- 8) Other (PLEASE TYPE IN RESPONSE)

Q_19: Would you say that your online gambling has, in any way, affected your gambling in land-based locations in Nevada, such as casinos, grocery stores, convenience stores, drug stores, or bars?

- 1) Yes
- 2) No [SKP to Q_24]

Q_20: Do you visit land-based locations:

- a. More often
- b. About the same
- c. Less often

Q_21: Has the amount of time that you spend gambling at these locations:

- a. Increased
- b. Remained about the same
- c. Decreased

Q_22: Has your online gambling affected your casino gambling in any other ways? (LIST RESPONSE)

Q_23: If Nevada casinos offered internet gambling that was licensed and regulated by the state of Nevada, do you think that you would gamble online:

- a. More often
- b. About the same
- c. Less often

| |
|------------------------|
| ALL RESPONDENTS |
|------------------------|

Q_24: Please summarize in a few words your understanding of the legal status of online gambling for money in the United States today.

(ENTER OPEN-ENDED RESPONSE)

Q_25: If you were to characterize the current legal status of online gambling in the US in one word, would you say that it was:

- 1) Legal
- 2) Illegal
- 3) Unclear
- 4) No answer

Q_26: How much is the legal status of online gambling affecting your desire to gamble online? Please answer on a scale from 1 to 5, with 5 being “very much” and 1 being “not at all.”

Q_27: On a scale from 1 to 5, with 5 being “very confident” and 1 being “not at all confident,” how confident are you that online gambling websites do not have the ability to cheat the gambler?

Q_27b: On a scale from 1 to 5, with 5 being “very confident” and 1 being “not at all confident,” how confident are you that other online gamblers do not have the ability to cheat you?

Q_28: Why are you confident/not so confident in the operations of online gambling web sites?

(LIST RESPONSES)

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|----------------------|
| FINAL SECTION |
|----------------------|

We are now going to conclude with just a few quick demographic questions:

Q_29: What is your age?

(ENTER RESPONSES---Q_30 will function as Q_29 collapsed to cohorts)

Q_31: What is your marital status?

- 1) Single (never married)
- 2) Single (divorced/separated)
- 3) Married
- 4) Domestic partnership
- 5) Widowed

Q_32: What is the highest degree that you achieved in school?

- 1) Some high school
- 2) High school graduate
- 3) Some college/trade school
- 4) College graduate
- 5) Advanced degree

Q_33: What is your approximate household before-tax annual income?

- 1) Less than \$20,000
- 2) \$20,001 to \$30,000
- 3) \$30,001 to \$40,000
- 4) \$40,001 to \$50,000
- 5) \$50,001 to \$60,000
- 6) \$60,001 to \$70,000
- 7) \$70,001 to \$80,000
- 8) \$80,001 to \$90,000
- 9) \$90,001 to \$100,000
- 10) \$100,001 or more

Q_34: Gender:

- 1) Male
- 2) Female

Q_35: Please feel free to comment on any of the issues addressed in this survey

(RECORD VERBATIM)

IF RESPONDENT HAS INDICATED THAT HE/SHE IS AN INTERNET GAMBLER

Q_36: We at the University of Nevada, Las Vegas also have a desire to interview those who have ever gambled online in a more in-depth fashion. This interview would also be confidential and your answers would never be linked with your name. We are offering \$50 to participate in these interviews. Would you be interested in participating?

Thank you for your time.

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