

Segmenting Slot Machine Players: A Factor-Cluster Analysis

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Overall objectives of the study:

- Understand the following aspects of slot players:
 - Demographic profile
 - Motivations to play
 - Behavioral characteristics while playing
 - Factors important in choosing a game to play
 - Attitudes toward progressives
 - Desire for themed games

Past research that provided the framework for the study

- Personality traits
- Casino atmospherics
- Gambling motivation
 - Casino gaming (including table games)
 - Machine gaming (slots, video poker, etc.)
- Customer segmentation

Gaming consumer segmentation

- Regional differences
 - E.g., Asian gamblers vs. North American
- Reason for visit
 - Is gaming the reason for the visit, or did the visit just happen to include gaming?
- Gender, age
- Tourist vs. “local” resident

So far, no studies have isolated US slot players

Study Sample

- Convenience sample of subscribers to Strictly Slots magazine
 - Internet-based survey
 - Invitation sent to subscriber email list; respondents clicked on link to open survey
- Data collected in November – December 2006
- Final sample:
 - Total respondents: 1,094
 - Total usable sample: 1,018

Sample characteristics

- Gender: 52% female, 48% male
- Age:
 - Mean: 55 years
 - Median: 56 years
- Married: 72%
- Education attained: 79% had at least some college
- Home ownership: 88%
- Annual household income: 85.7% reported HHI greater than \$55,000

Data analysis: two-step process

- Step 1 – Descriptive Analysis
 - Obtained demographic and behavioral data for the respondents
- Step 2 – Cluster Analysis
 - Analyzed data to reveal shared characteristics of different groups of respondents. These groups form “clusters” of people with similar gambling motivations, preferences, and behaviors

Behavioral characteristics (highlights)

- Type of slot machine played most often:
 - Video reel – 58.6%
 - Mechanical reel – 41.3%
- Denomination played most often:
 - Penny – 13.1%
 - Nickel – 19.4%
 - Quarter – 36.9%
 - Dollar – 21.9%
 - Five dollar – 4.4%
- Jackpot option that would encourage more slot play
 - Small, frequent payouts: 60.2%
 - Big, less frequent payouts: 12.8%
 - Does not matter: 27.0%

Behavioral characteristics (highlights)

- Gaming frequency
 - Heavy (once a week or more): 21.8%
 - Medium (once or twice a month): 44.7%
 - Light (4 to 6 times per year): 33.5%
- Hours spent playing favorite game:

1 hour: 9.3%	4 hours: 14.8%
2 hours: 15.3%	5 hours: 12.0%
3 hours: 13.7%	6 or more hours: 33.9%

Step 2: Reasons for Gambling

- The survey included 23 reasons for gambling – respondents rated their level of agreement or disagreement with each reason
- Principal Components Analysis (PCA) was used to see if groups of gambling motivations formed “factors”
 - Five (5) factors/dimensions were generated

Five factors (sets of variables)

1. Ego-driven
 - These variables represent the aspirational, self-defining motivations for gaming
2. Learning/evaluating
 - These variables represent the need to rationalize an experience, obtain new knowledge, or assess one's own abilities with the game
3. Relaxation
 - These variables represent hedonic needs for relaxation or “escape”
4. Financial rewards
 - Fairly self-explanatory
5. Excitement
 - These variables represent desire for excitement

Cluster Analysis

- Technique uses the five factors, as well as select demographic and behavioral and preference data
- Respondents are sorted into four distinct groups, or “clusters”
 1. Utilitarian gambling seekers
 2. Excitement gambling seekers
 3. Multipurpose gambling seekers
 4. Relaxation gambling seekers

Cluster 1: Utilitarian

- Smallest cluster, with 19.8% of the sample ($n = 202$)
- Oldest group, with highest household income
- Highest percentage of light gamblers (18.3%)
- Lowest mean scores on all factors:
 - Suggests that Utilitarians may be motivated by reasons not included in the survey
 - Possible motivations could be to “kill time” or to socialize with friends while playing

How Cluster 1 received its name: “Utilitarian”

- Reasons for playing slot machines:
 - “It (the machine) has the denomination that I want to play”
 - Prefer 25¢ machines and actively look for machines with that denomination
 - Do not care if the machine is progressive
 - Do not care if the machine has a theme

Cluster 2: Excitement

- Largest cluster, at 27.5% of the sample ($n = 280$)
- Predominantly female (58.9%)
- Highest percentage of participants under the age of 45 (21%)
- Lowest percentage of heavy gamblers (19.3%)
- Lowest percentage who play nickel slots (16.4%)

How Cluster 2 received its name: “Excitement”

- Reasons for playing slot machines:
 - “The bet is within my budget”
 - Prefer 25¢ denomination
 - Do not care if the slot machine is themed
 - Over half (57.4%) do not play progressives
 - Play less often than other clusters, but tend to have higher income and spend more overall

Cluster 3: Multipurpose

- 27.1% of the sample ($n = 276$)
- Predominantly male (55.1%)
- Lowest household income reported
- Highest percentage of heavy gamblers (23.6%)

How Cluster 3 received its name: “Multipurpose”

- Reasons for playing slot machines:
 - “It’s a fun game to play”
 - “There is a good chance to win”
 - “The bet is within my budget”
 - 61% do not play progressives
 - Do not care if machine is themed

Cluster 4: Relaxation

- 25.5% of the sample ($n = 260$)
- Slightly more males (51.5%) than females
- Highest percentage who play nickel slots
- Also highest percentage who play dollar machines (22%)

How Cluster 4 received its name: “Relaxation”

- Reasons for playing slot machines:
 - “It’s a fun game to play”
 - “It has the denomination I want to play”

Implications

- Targeting the marketing message
 - Visual cues to appeal to specific segments
 - Some segments may respond to the experience of playing, rather than focusing on winning
 - Odds, “looseness” of machines
 - Non-financial motivations, such as to pass the time, to socialize, etc.
- Build demand during slower periods

Questions?

Thank you!