

EXECUTIVE SUMMARY

PATRON AND LICENSE PLATE SURVEY REPORT: MGM SPRINGFIELD 2019

Abstract

This report presents the results of the first patron survey at MGM Springfield, completed in 2019. This and future patron surveys are an important part of the Massachusetts Gaming Commission's research agenda. These surveys provide the only data collected directly from casino patrons regarding their geographic origin and expenditures. These data are important to ascertain the influx of new revenues to the venue and the Commonwealth, and to measure any monies diverted from other sectors of the economy. The concurrent license plate survey assesses the accuracy of prior estimates of out-of-state casino expenditure and provides corroborating information about patron origins.

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Authorship

Laurie Salame, Senior Lecturer, University of Massachusetts Amherst Isenberg School of Management, Department of Hospitality and Tourism Management, is an Expert Advisor on the SEIGMA project and responsible for bridging the work of the social and economic teams in the development of the Patron Survey and report. Salame led the survey implementation, including training of the SEIGMA surveyors and their supervision in the field.

Robert J. Williams, Professor, University of Lethbridge, Faculty of Health Sciences, is a Co-Principal Investigator on the SEIGMA project and provided oversight of the survey design, methods, implementation, and analysis of both the patron survey data and license plate survey data. He contributed to writing and editing the report.

Martha Zorn, SEIGMA Data Manager, University of Massachusetts Amherst School of Public Health and Health Sciences, was responsible for data management, data cleaning, and data analysis and contributed to all sections of the report.

Thomas Peake, Senior Research Analyst, University of Massachusetts Donahue Institute, contributed to the design of the patron survey questionnaire, data analysis, and the expenditure portion of the report.

Edward J. Stanek, Professor, University of Massachusetts Amherst School of Public Health and Health Sciences, contributed sections of the report related to weighting.

Alissa Mazar, former SEIGMA Project Manager and Research Associate, University of Massachusetts Amherst School of Public Health and Health Sciences, assisted with survey implementation, including training of the SEIGMA surveyors and their supervision in the field.

Rachel A. Volberg, Research Professor, University of Massachusetts Amherst School of Public Health and Health Sciences, is the study Principal Investigator and responsible for the overall leadership of the project as well as oversight of the patron survey design, implementation, and analysis.

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We want to thank the management and staff of MGM Springfield for allowing our teams to be on-site and for their assistance with our logistical needs. Their cooperation and ability to supply us with needed information ensured smooth data collection during our eight visits to the casino. Additionally, we appreciate the time and effort of the patrons who agreed to participate in the survey.

SEIGMA members from both the social and economic teams collaborated closely on the project, working together to create and implement the survey, and later to analyze the data and report on the findings contained in this report. Special recognition goes to the economic team at the University of Massachusetts Donahue Institute who contributed to the patron survey questionnaire design and provided insight in the data analysis: Rebecca Loveland, Senior Research Manager; Rod Motamedi, Senior Research Manager; and Carrie Bernstein, State Data Center Manager/Lead Research Analyst. Special thanks to SEIGMA social team member Valerie Evans, Biostatistician and Project Manager, for reviewing the data and editing the report.

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Executive Summary

The original research plan for the *Social and Economic Impacts of Gambling in Massachusetts* (SEIGMA) study identified the need for ongoing patron surveys at all of the newly licensed casinos in the state. These surveys serve several purposes. For one, they establish the demographic characteristics of people patronizing the casinos which speaks to whether certain subgroups of the population are impacted more than others. For another, they establish the geographic origin of patrons to identify whether the impacts are localized or regional and the extent to which out-of-state patrons contribute to casino revenue, an important economic benefit. Asking patrons directly about their gambling and non-gambling expenditures during casino visits also helps us understand their patterns of expenditure and the approximate amount of off-site spending contributing to the local economy. Questions about whether patrons would have gambled out-of-state if MGM Springfield did not exist allow identification of the approximate amount of recaptured spending, which also represents an important economic benefit. Survey questions also establish the degree to which casino spending represents money that has been reallocated from other sectors of the economy. Finally, patron surveys are useful in understanding patrons' perceptions and experiences with the new venues and begin to track the impact of responsible gambling measures such as the GameSense program.

Methodologically, a significant effort was made to capture a sample of patrons that was as representative as possible. This included: conducting the survey 6 to 12 months after the venue opened to allow patronage to settle; sampling in both winter and summer months to take account of potential seasonal differences in patronage; spreading each data collection period over a two week time period; sampling during both peak (Saturday) and non-peak (Monday) days, as well as during peak (6pm-12am) and non-peak (11am-5pm) times; and keeping track of the demographics of refusals to allow for corrective weighting. The 2019 MGM Springfield Patron Survey was fielded in a two-week period in Feb/Mar 2019 and again in Jul/Aug 2019. It was self-administered and took an average of 5-10 minutes to complete. A total of 878 surveys were collected, which represents a response rate of 21.2%.

Geographically, almost 60% of the patrons were from Massachusetts, with 41.5% coming from the host (Springfield) and surrounding communities (Agawam, Chicopee, Holyoke, East Longmeadow, Longmeadow, Ludlow, West Springfield, Wilbraham, Hampden, and Northampton). Less than 1% were international patrons.

Compared to the adult Massachusetts population, the gender distribution of the patrons was very similar. They were, however, more likely to be Hispanic, and less likely to be White or Asian. They tended to be older as well, with a higher proportion in the 35-64 age range compared to the adult Massachusetts population. Their educational attainment was similar, though a bit more likely to have some college education below a degree. In terms of household income, the patrons were quite different compared to the adult population of Massachusetts. Patrons were more likely to have household incomes less than \$50,000 (33.5% vs. 24.5%), with in-state patrons even more so (38.0%). They were also less likely to have household incomes greater than \$100,000 (34.9% vs. 49.4%), with again a greater disparity for in-state patrons (30.3%). This suggests that MGM Springfield patrons, and particularly those from Massachusetts, have a lower household income than the adult Massachusetts population.

When looking at visitation, we found that more than half of those surveyed (53.5%) were regular visitors, coming 2-3 times a month or more, with nearly a third (32.8%) visiting once a week or more. That percentage is higher (43.6%) for those coming from the host or surrounding communities. Most of the patrons got to MGM Springfield by car (91.5%), and experienced no problem getting there. A reported 92.1% had an enjoyable visit and 87.7% of them indicated that they would return. MGM Springfield was

the motivator for 58.5% patrons to visit the area, with this being especially true for out-of-state visitors (70.1%).

Most of the patrons (83.6%) participated in some sort of gambling activity during their visit. Not surprisingly slot machines were the most popular game (66.5%) although nearly a third of the patrons (28.3%) reported playing table games. Only 2.2% of the patrons reported purchasing lottery tickets while on site. Three-quarters of the patrons reported having an 'M life Rewards' loyalty card. Notably 88.3% indicated they had gambled at other casinos in the past year, with the most frequent locations being Connecticut (66.7%) and other gambling venues in Massachusetts (45.0%). Other gambling venues visited in the past year included Rhode Island (12.0%), Nevada (10.5%), and New York (9.0%).

Although 28.2% of the patrons did not report any spending on non-gambling activities at MGM Springfield, the majority bought food and beverage on site (61.4%), while some (13.9%) engaged in other entertainment or activities, such as the cinema, arcade, bowling, spa, etc., and an even smaller percent (6.3%) reported shopping on-site. The survey identified only a small number of guests (7.5%) who stayed at the hotel. Half of the patrons did not report any spending on non-gambling activities outside of MGM Springfield. Small numbers of patrons reported spending for off-site food or beverage (22.8%) and bars, pubs, or nightclubs (10.5%). A small number of patrons (11.6%) reported spending on an event, show, exhibit, etc. in Springfield.

MGM Springfield patrons reported a median expenditure of \$73 on gambling at the casino during their visit (mean of \$239), \$39 on non-gambling activities at the casino (mean of \$220), and \$64 on non-gambling activities outside the casino (mean of \$293). When looking at the expenditures by household income, income groups below the median household income in Massachusetts (i.e., \$70,000) account for 49% of MGM Springfield gambling revenue, 43% of non-gambling revenue at MGM Springfield, and 60% of non-gambling revenue outside of MGM Springfield. The lowest and highest income groups contribute proportionally more gambling revenue relative to their prevalence in the population, with the lower middle-income groups contributing proportionally less.

An important social issue concerns whether people with lower incomes contribute disproportionately more to gambling revenues than people with higher incomes. The data suggests casino gambling at MGM Springfield is regressive, both in terms of the representation of patrons in the casino and their portion of gambling expenditure, which is similar to the findings of research done elsewhere. A fine-grained analysis of the MA patrons who spent money gambling at MGM Springfield showed that the 19% of the patrons with the lowest household incomes (less than \$30,000 per year) spent proportionally more on gambling (30%) compared to their prevalence in the general adult population of MA (14%). The opposite was true for the 30% of the patrons with the highest incomes (over \$100,000), who accounted for only 34% of the gambling spending but represent 49% of the state's adult population. Similar patterns were found for lower-middle-income patrons (represented a higher percentage of their spending compared to their population) and middle-income patrons (represented a smaller percentage of their spending compared to their population). An analysis focusing on just the host and surrounding communities produced with similar results.

Two important goals of the Massachusetts casino law were to capture new spending from out-of-state casino patrons, and recapture Massachusetts residents' spending at out-of-state casinos. Based on the survey results, it appears that MGM Springfield was successful with both goals. In fact, the majority of the spending at MGM Springfield can be attributed to either out-of-state patrons who otherwise would not have visited Massachusetts or in-state patrons who otherwise would have gambled out-of-state had there not been a casino in Massachusetts.

Out-of-state patrons, who represent capture of new spending, accounted for 42.5% of the \$259 million in gambling revenue at MGM Springfield from October 2018 – September 2019, while also contributing 37.5% of the \$83 million in non-gambling revenue at MGM Springfield. They were responsible for 27.1% of the estimated \$77 million in non-gambling spending outside of MGM Springfield from October 2018 – September 2019. Overall, these visitors represent 38.7% of the combined gambling and non-gambling revenue/spending.

Looking at recaptured spending from all patrons, 52.7% reported that they would have spent their money at a casino in another state if there were no casinos in Massachusetts with the great majority (91.1%) indicating that they would have gambled at a casino in Connecticut. Given the casino's geographic location, it is not surprising that residents of Pioneer Valley constitute the largest share of recaptured gambling spending (88.4%) as well as non-gambling MGM Springfield spending (80.6%). These figures should be viewed, however, with an understanding of the patrons' reallocated spending; 46.1% reported spending less money on other things because of Massachusetts casinos, with less spending specifically on: other types of gambling (18.3%), restaurants/bars (16.0%), hotels and travel (10.2%), live entertainment (8.9%), and putting money into savings (8.9%).

The majority of casino patrons did not report using responsible gambling strategies (including the utilization of GameSense). Only 8.1% of patrons reported speaking with a GameSense advisor, with the majority of these interactions being characterized as 'small talk.'

A License Plate Survey was conducted concurrently with the Patron Survey. Prior to casinos in Massachusetts, a similar survey was conducted biennially over many years at the Connecticut casinos and reported by the Northeastern Gaming Research Project. That information was used by Massachusetts policy makers and others to support the notion that Massachusetts lost significant gambling revenues to Connecticut. The current License Plate Survey found that estimates of patron residency corresponded quite closely to the Patron Survey estimates (i.e., 63.6% Massachusetts for License Plates and 59.4% for Patron Survey). There was an even closer match for estimated expenditure (63.6% for Massachusetts for License Plates and 61.3% for Patron Survey). The results of the License Plate Survey methodology provide a reasonable approximation to the Patron Survey and lend support to the estimates of out-of-state casino expenditures reported by the Northeastern Gaming Research Project. However, the Patron Survey also provides detailed spending information and patron demographics which cannot be obtained by a simple license plate survey.

The Patron Survey represents a major point of primary data collection for the SEIGMA project. However, as a stand-alone report, it should be viewed as just that: data collection. The survey provides important data on patron demographics, expenditures, and gambling behavior but does not lend itself to major conclusions. Nevertheless, the findings presented here are critical to inform other more substantive and integrative SEIGMA reports. This includes the "Economic Impacts" operating reports, which estimate the full economic impact of casino operations on the Massachusetts economy, a unique opportunity for SEIGMA to conduct economic modeling utilizing both primary data (from the Patron Survey and the casino operators) and secondary data (from multiple sources). Additionally, the Patron Survey data is one of many data points (primary and secondary) used to inform the "Social and Economic Impacts of Expanded Gambling in Massachusetts" reports, a series of reports that document changes in the social and economic landscape in Massachusetts that can potentially be attributed to the introduction of these new gambling venues. For that reason, the Patron Surveys serve an important function in the overall research agenda.

While an in-depth comparison of Patron Survey data across the multiple Massachusetts casinos will be included in the more integrative impact reports mentioned above, we have provided a brief comparison

between the Patron Survey results of Plainridge Park Casino (2016) and MGM Springfield (2019). Notably, MGM Springfield attracted a much higher percentage of patrons from the host and surrounding communities compared to Plainridge Park Casino (41.5% vs. 11.4%). Additionally, MGM Springfield was more successful at attracting patrons from out-of-state (40.6% vs. 22.1%). Other differences in the demographic characteristics, gambling behavior, and expenditures of patrons at the two Massachusetts casinos are also noted.

Interpretation of research data requires consideration of a variety of issues, including but not limited to decisions around sampling methods, weighting, statistical modeling, and appropriate comparisons. To ensure comparability across venues, the same analytic procedures were used to analyze MGM Springfield patron survey data as were used to analyze Plainridge Park patron survey data. There are inherent limitations to these applications that readers need to take into account in relation to any given study or report. Please see the Methodology and Limitations sections in the full report for additional information.