

EXECUTIVE SUMMARY

PATRON AND LICENSE PLATE SURVEY REPORT: PLAINRIDGE PARK CASINO 2016

Abstract

This report presents the results of the first patron survey at Plainridge Park Casino, completed in 2016. 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.

Authors

**Laurie Salame
Robert J. Williams
Martha Zorn
Thomas Peake
Rachel A. Volberg
Edward J. Stanek
Alissa Mazar**

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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. Salame is also the lead author of the report.

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.

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, 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.

Rachel A. Volberg, Research Associate 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.

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, SEIGMA Project Manager, University of Massachusetts Amherst School of Public Health and Health Sciences, contributed to general revisions and sections related to the key findings, weighting, and limitations of this report.

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We want to thank the management and staff of the Plainridge Park Casino for allowing our teams to be on-site and for their assistance with our logistical needs. From compliance to security to conference services, their cooperation 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.

The project received support from research assistant Brook Frye, who supervised the surveyors on-site during each visit as well as assisting with data management and cleaning. We would also like to thank the 32 student surveyors who represented UMass with professionalism and hospitality.

The patron survey project was a collaboration between SEIGMA's social and economic teams. 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, Research Manager; and Carrie Bernstein, State Data Center Manager/Lead Research Analyst.

Special thanks to SEIGMA team member Valerie Evans, Biostatistician, 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 patron surveys at all licensed gaming facilities in the state. These surveys would enable the research team to ascertain the geographic origin and demographics of people patronizing Massachusetts casinos. Asking patrons directly about their gambling and non-gambling expenditures during casino visits would help the MGC and other stakeholders better understand the economic impacts of the new gambling establishments on the Commonwealth. Through economic analysis, the data would offer a glimpse into the amount of spending that is “new” to the state or “recaptured” back to the state. It would also shed light on the amount of spending which has been “reallocated” from other activities and products. The surveys would also be 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. The research plan calls for patron surveys to be conducted at all Massachusetts casinos shortly after opening and repeated at regular intervals.

Located in Plainville, MA, Plainridge Park has been the home to harness racing and simulcast horse racing since 1999. It is currently owned and operated by Penn National Gaming. Plainridge Park Casino (PPC) became Massachusetts’ first casino when it opened its doors on June 24, 2015. In addition to its existing racing offerings, the property now contains 1,250 slot machines and several electronic table games. Patron surveys at this venue took place during the winter and summer of 2016 and will be repeated in 2018.

Given the purpose of the patron surveys, 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. One of the important and unique aspects of this survey was the great lengths the team took to capture a sample of patrons that was as representative as possible. This included: conducting the survey 6-12 months after the venue had opened in order to allow patronage to settle; sampling patronage in both winter and summer months and during peak and non-peak days and times; and appropriately weighting the sample to account for response bias. In total, 479 surveys were completed for a response rate of 22.4%.

Key Findings

The geographic origin of patrons is important in understanding the economic impact of PPC. Patrons who come from the immediate area may not bring as much new economic activity to the region as patrons who are coming from other parts of the state or from outside of the state. In total:

- 11.4% of patrons were from the host (Plainville) or surrounding communities (Attleboro, Foxborough, Mansfield, North Attleboro, Wrentham)
- 66.5% of patrons were from other communities in Massachusetts
- 19.2% of patrons were from outside of Massachusetts
- 2.9% of patrons did not enter a zip code, thus their origin is unknown

Compared to the general adult Massachusetts population, demographically, patrons were:

- substantially older
- somewhat more likely to be White
- more likely to have obtained higher education
- more likely to have an annual household income between \$50,000 and \$100,000

The great majority of patrons (87.0%) played the slot machines, with much smaller proportions playing electronic table games (12.3%) and betting on horse racing (7.7%). Over three-quarters of patrons (77.8%) reported that they had a Marquee Rewards® loyalty card. Nearly 90% of patrons had visited casinos in other jurisdictions in the past year with the majority having visited casinos in Connecticut (72.3%) and Rhode Island (55.9%).

Concerning patron participation in non-gambling activities at PPC and off-site:

- at the casino, over a third of patrons (35.0%) reported not participating in any non-gambling activities
- 59.7% reported buying food or beverages at the casino
- the majority of patrons (67.2%) did not participate in any off-site activities
- 21.4% bought food or beverages off-site, 11.2% went to retail outlets off-site, and 3.2% spent money on other entertainment

In terms of their self-reported spending, PPC patrons reported an average expenditure of:

- \$96.39 on gambling at the casino during their visit
- \$63.99 on non-gambling amenities at the casino during their visit
- \$73.26 on non-gambling activities outside the casino during their visit

These data were used to estimate the total amount of gambling and non-gambling expenditures for all PPC patrons as well as the proportion of spending attributable to Massachusetts and non-Massachusetts residents. Overall:

- Massachusetts residents are estimated to account for 78.6% of all gambling revenue at PPC, 92.1% of non-gambling revenue at PPC, and 78.9% of non-gambling spending outside of PPC. This represents \$134 million, \$6 million, and \$3 million respectively.
- Collectively, Massachusetts residents are estimated to account for 79.1% of all gambling and non-gambling revenue with non-Massachusetts residents accounting for 20.9%

To inform the economic model, six groups of casino patrons were identified based on: (1) where they were from, (2) whether they would have gambled elsewhere if PPC did not exist, and (3) whether PPC prompted their visit to the area. In particular, “recaptured” and “reallocated” patron spending are two expenditure groups that are especially important in understanding the economic impact of PPC. “Recaptured” spending is spending by Massachusetts residents who would otherwise have spent their money at an out-of-state casino. “Reallocated” spending is spending by Massachusetts residents who would have spent their money on other goods and services within the state had PPC not opened. Results showed that:

- 69.8% of patrons reported they would have gambled in another state (i.e., Connecticut or Rhode Island) if there was not a casino in Massachusetts
- Over half of overall gambling and non-gambling spending at Plainridge Park Casino (58.3% and 50.4%, respectively) is estimated to be “recaptured” spending by Massachusetts residents
- A total of 16.3% of gambling spending by Massachusetts residents is estimated to have been “reallocated” from other goods and services
- Residents of the Greater Boston region (which includes Plainville and several surrounding communities) account for the majority of recaptured gambling spending (49.7%) and recaptured non-gambling spending (66.4%) at the casino. Most of the remaining recaptured spending is

accounted for by residents of the Southeast region. Patrons from Greater Boston and the Southeast regions represent over 85% of reallocated gambling and non-gambling spending at the casino.

We also examined patron expenditures as a function of household income. While comprising 50% of the population, income groups below the median household income in Massachusetts (i.e., \$70,000) account for 54.4% of PPC gambling revenue, 37.8% of non-gambling revenue at PPC, and 42.3% of non-gambling revenue outside of PPC. A more fine-grained analysis shows that both the lowest and highest income groups contributed proportionally less gambling revenue relative to their prevalence in the population, with the lower middle income groups contributing proportionally more.

A small number of questions in the patron survey assessed patrons' experiences with GameSense, the responsible gambling educational program required by the Massachusetts gambling law. There was fairly high awareness of the GameSense program (59.9% of patrons). Among patrons with an awareness of GameSense, 17.4% reported interacting with a GameSense Advisor. Among this group of patrons, one out of four (24.7%) reported changing the way they gambled as a result of this interaction.

Of final note, the License Plate Survey estimated that 82.9% of overall gambling and non-gambling revenue was derived from Massachusetts residents, which is close to the 79.1% calculated by the more precise Patron Survey. Thus, the License Plate Survey methodology in the present study does provide a reasonable approximation to the Patron Survey, which lends support to previous estimates of out-of-state Massachusetts casino expenditures reported by the Northeastern Gaming Research Project.

Limitations

Due to the nature of patron surveys, which are based on an intercept convenience sample, there are limitations to the results, which the reader should keep in mind. These limitations include: the non-randomness of the sample; asking hypothetical questions about spending; and the performance of the Demographic Accuracy Test to understand non-response bias.

First, the development of projected expenditure totals for all PPC patrons and the percentage of these expenditures that could be attributed to Massachusetts and non-Massachusetts residents are based on a non-probabilistic methodology. There was a diligent effort to implement a sampling design that best reflected the average PPC patron. Using Google visitation data, days and times of the week were purposefully selected in an effort to increase representativeness. Nonetheless, randomness is not an attribute of the patron sample. Therefore, reported results should be viewed in this context and with this limitation.

There are also limitations in asking hypothetical questions (i.e., whether the patron would have spent money on out-of-state gambling if a gambling venue in Massachusetts was unavailable and what they would have spent their money on if they had not come to this venue). There may be a mismatch between what people *say they would have done* versus *what they would have actually done*. Due to the limits of hypothetical questions, we avoided asking such questions whenever possible. Nonetheless, the hypothetical questions asked were critical in establishing the counterfactuals necessary to understand PPC's impact on patron spending.

Finally, while the Demographic Accuracy Test developed to assess the accuracy of the UMass student surveyors in estimating the demographic characteristics of eligible patrons performed well, the question of how the results of this test translate into accurate assessments during data collection requires further investigation. In future surveys, all surveyors will complete the test and their performance in the field will be evaluated further.