Responsible Gambling Best Practices for Player Incentives: Land-based Venues
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The Responsible Gambling Council’s (RGC) Centre for the Advancement of Best Practices is pleased to present its findings from Insight 2013—a research project designed to investigate and identify best practices for player incentives in land-based venues. The research included:

- An in-depth literature review
- An examination of the policies and practices for player incentives in Canada and elsewhere
- A focus group with individuals in treatment for gambling-related problems
- A two-day forum with gaming providers, regulators, treatment counselors, researchers, marketing experts, and others

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While this project results from the contributions of many, the work is a product of RGC’s analysis and RGC assumes responsibility for its content.
Similar to other industries, the gaming industry uses a range of incentives to attract and reward its customers. Despite the widespread use of these incentives, however, little attention has been given to the potential impact they may have on problem gambling, and the implications they have for responsible gambling. Yet people with gambling problems—or who are developing gambling problems—can be impacted by incentives in a negative way. With this in mind, the RGC Centre for the Advancement of Best Practices has undertaken a research project designed to better understand the nature of player incentives, their potential impact on problem gambling risk, and how they might be made safer for players. The project focuses on player incentives at land-based venues and gathers information from Canadian and international jurisdictions. Literature and policy reviews, a focus group, and a two-day forum are all used to obtain data.

Overall, the findings of this report reveal that although the specific details of how they operate may vary, player incentives generally work in similar ways across jurisdictions and individual gaming venues. Rewards come in the form of cash, free play, accommodation, entertainment, free or discounted services, merchandise, food/beverage and travel. Some rewards are available to all patrons, but most are exclusive to members of the venue’s loyalty program and so are the focus of this report. While there is no direct evidence that incentives and loyalty programs create gambling problems, there is evidence that they can heighten problem gambling behaviours and that they have a strong appeal for some people who are at risk of, or have already developed, a gambling problem.

Concern about the appeal of incentives to gamblers with problems has led some to call for the prohibition of loyalty programs. Others point to the opportunities presented by loyalty programs to communicate safety information to patrons, to track behaviours, to identify potential and emerging problems (“red flag” behaviours), and to initiate actions to mitigate potential problems.

On balance, player loyalty programs—as long as they are not seen exclusively as a marketing tool—have some potential benefits from a player protection perspective. That assumes, however, that loyalty programs and other incentives actively build in tools and analytics that enable increased player information and safeguard, some of which are presented below.

**Promoting Informed Decision Making**

There are many opportunities to use player data to assist patrons in making informed decisions. These include:

- Beginning with the registration process itself, taking regular opportunities to provide players with information about the realistic chances of winning and losing, where to get help, and the benefits of setting limits. Also providing some of the many other safety messages associated with well-designed responsible gambling programs. Such information might be provided in any number of ways using the communication tools available to gaming providers. It would likely mean incorporating RG information in regular circulations, as well as distributing some information that is exclusively focused on RG topics.

- Providing players with accurate and easy-to-access information about the links between the amounts they spend and the rewards they earn.
• Informing players that greater rewards are related to greater spending and that it is risky to view rewards, reaching a higher tier, or receiving greater staff attention as a status symbol or a measure of greater self-worth.

• Providing loyalty members with activity reports that let them know their play history over a period of time of their choosing, such as the past month or year. Making the receiving of reports the default option with the capability to choose their frequency or to turn them off.

• Providing members with normative feedback on their play history, using the entire database of loyalty members to calculate percentages and averages.

Ensuring Marketing Incorporates an RG Perspective

• Beyond the provision of good consumer information, there are also ways that loyalty programs and incentives can be managed in a way which reduces the risk of gambling problems. These include:

• Ensuring that any information contained in promotional communications and materials complies with existing RG guidelines for advertising and marketing, and does not imply that participating in loyalty programs or other incentives increases the player’s chances of winning.

• Permitting players to have only one card for the same loyalty program membership.

• Incorporating RG information in promotional communications and materials with adequate prominence relative to other messaging.

• Having an annual renewal for loyalty program membership that gives players an opportunity to review their past-year gambling activity with gaming venue staff.

• When players register for a loyalty program, requiring them to opt in explicitly to each form of marketing communication (e.g., mail, email, phone, texts) they wish to receive.

• Once they become loyalty members, allowing players to easily opt out of some, or all, forms of marketing communication at any time.

Optimizing RG in the Earning and Redemption of Rewards

• Allowing players to earn points and rewards not just for the time and money they spend gambling, but for participating in non-gambling activities as well, both inside and outside of the gaming venue.

• Encouraging players to set personal gambling limits on their loyalty card. If players reach one of the limits they have set, have a message tell them that they have reached a limit. If players still continue to gamble, don’t allow them to accrue any additional loyalty points.

• Rewarding players with (non-gambling) incentives for using the self-limiting tools.
- Allowing players to redeem their loyalty points for non-gaming rewards both inside and outside of the gaming venue (e.g., merchandise, food).

- Allowing players to participate in contests without having to be at the gaming venue when prizes are announced.

- Allowing a cooling-off period after players have lost a large sum of money before offering any incentive to gamble further. Once such a player has left the premises, allow a reasonable amount of time to pass before offering that player an incentive to return to the venue.

- Ensuring that alcohol is not used as an inducement or reward for gambling. [Note that in most Canadian provinces, complimentary alcohol service is prohibited.]

**Supporting At-Risk Players**

Some players will gamble in a manner that exhibits “red flag” behaviours which suggest a potential problem and which trigger observations and responses from venue staff. These at-risk players warrant special attention from the perspective of rewards and incentives. Self-excluded players also warrant special attention in this regard. Both groups of players would benefit from the following provisions:

**AT-RISK PLAYERS**

- Using loyalty card data, in combination with staff observations and other documentation, to identify red flag behaviours that may indicate a potential gambling problem.

- Putting a customer service protocol in place to identify when and how staff will take action when a loyalty member exceeds red flag thresholds for frequency of gambling, duration of sessions, average bet size, and cumulative losses.

- Having an escalating process in place to offer red-flagged players assistance, education, as well as the option of easily removing themselves from future incentives or marketing communications. (The same system would also be used for those players exhibiting red flag behaviours who are not loyalty club members.)

- Discontinuing rewards that, in order to be redeemed, require the player to be in the venue for extended periods of time—particularly if it means the player can access more cash (because, for instance, a new banking day has begun).

- Discontinuing discretionary rewards designed to promote longer stays.

**SELF-EXCLUDED PLAYERS**

- When players signs up for self-exclusion, immediately removing their name from all marketing contact lists.

- Paying out any unredeemed points and canceling the loyalty program membership immediately when a player self-excludes.
• Once their self-exclusion period has ended, requiring reinstated players to reapply for loyalty club membership and to opt in explicitly to each form of marketing communication they want to receive from the venue.

In summary, there is great opportunity to use loyalty cards to promote informed decision making, as well as to reduce risk by ensuring marketing incorporates an RG perspective; optimizing RG in the earning and redemption of rewards; and having special exemptions and protocols for those identified as at-risk or who have self-excluded. Future developments in the use of loyalty cards to inform and assist those at risk will further inform best practices in the promotion of safer gambling and the prevention of problem gambling.
Similar to other industries, the gaming industry has adopted a range of initiatives to attract and reward their customers. Player loyalty programs, promotions, and other incentives are commonly used to attract new patrons, retain existing ones, and increase long-term profits.

Despite the widespread use of player incentives, however, little attention has been given to the potential impact they may have on problem gambling, and the implications they have for responsible gambling. While the gaming industry has made great strides in recent years in developing measures to help reduce problem gambling risk among players, few responsible gambling measures have been developed specifically for player incentives. Yet people with gambling problems—or who are developing gambling problems—can be impacted by incentives in a negative way.

With this in mind, the RGC Centre for the Advancement of Best Practices has undertaken a research project designed to better understand the nature of player incentives and their potential impact on problem gambling risk, and to identify opportunities to make them safer for players. The project focuses on player incentives at land-based venues, gathers information from Canadian and international jurisdictions, and brings together perspectives from a range of stakeholder groups. Literature and policy reviews, a focus group, and a two-day forum are all used to obtain data to identify a set of responsible gambling best practices for the provision of player incentives at land-based venues.

The report is divided into four chapters. Chapter 1 provides an overview of player incentives, reviews the literature relevant to player incentives and problem gambling risk, and examines the different policies and practices that are in place for player incentives across Canada and some international jurisdictions. Chapter 2 discusses the results of a focus group that was conducted with individuals in treatment for gambling-related problems in order to explore their experience with incentives and any suggestions they may have for making them safer for players. Chapter 3 presents the results of the Responsible Gambling Council (RGC)’s two-day forum that brought together gaming providers, regulators, treatment counselors, researchers, marketing experts, and others to discuss player incentives, their impacts, and current—as well as possible future—incentive safeguards. Chapter 4 synthesizes all of the information learned from previous chapters and provides a framework of player incentive best practices.
With a focus on increasing repeat visits, customer spending, and brand loyalty, most gaming venues offer players some type of incentive in order to reward them for past gambling and to encourage them to engage in future gambling (Palmer & Mahoney, 2004). The purpose of this chapter is to provide an overview of how player incentives work; their potential impact on gambling behaviour and problem gambling risk; and measures to alleviate risks associated with them.

Some of the content of the chapter is based on the available literature on player incentives. Other content is based on information that was available publically, combined with documents that were sent directly to RGC from several Canadian gaming providers upon request.

Overview of Player Incentives

While the details of how player incentives work vary across jurisdictions and individual gaming venues, they operate in relatively similar ways. What follows below is a general description of the different types of rewards players can earn; how players can earn them; and the various ways the rewards are marketed to players.

DIFFERENT TYPES OF REWARDS PLAYERS CAN EARN

Some rewards are given to players as a reward for their past behaviour while others may be given to influence their future behaviour.

- **Cashback and Cash** – Cashback is literally cash given back to the player, often after they have spent a certain amount of money gambling. Players may also win cash prizes for participating in various promotions.

- **Free play** – Free play is a reward given to players in the form of gambling credits that are worth a certain amount of money. Often, the player needs to spend a certain amount gambling before being eligible to earn a free play offer.

- **Accommodation** – Free hotel rooms may be given to players, usually after they have spent a certain amount of time and money at the gaming venue. The quality of the accommodation usually depends on the particular patron’s level of play.

- **Entertainment** – Gaming venues will sometimes offer players free tickets to concerts, live shows, movies, sporting events, and other activities.

- **Free or discounted services** – Examples of services that may be provided for free or at a discounted rate can include spa services, valet parking, and limousine service to and from the gaming venue.

- **Merchandise** – Gaming venues often give away merchandise to players such as logo items (e.g., key chains, drink bottles, hats), gift shop items, luggage, wine glasses, gift cards to retail stores and/or the gaming venue gift shop, as well as larger items such as cars.
**Food and beverage** – Often, gaming venues give players vouchers for free or discounted meals at restaurants on- and off-site and, where permitted, free drinks to players on the gaming floor. Gaming venues tend to be fairly generous with food and beverage rewards, and often give them to any patron regardless of gambling activity. Free (and often, unlimited) meals for exclusive, high-end restaurants are often based on the amount gambled.

**Air fare** – For some players, most often high spenders, gaming operators may offer free flights to and from the gaming venue.

### DIFFERENT WAYS OF OBTAINING REWARDS

There are several different ways that players can earn rewards. While some are exclusive to members of the venue’s loyalty program only, others are available to all patrons.

**a. Loyalty Program Point Accrual and Redemption**

In general, loyalty programs have two main goals: 1) to increase revenues by increasing purchase levels; and 2) to maintain the current customer base by strengthening the bond between the customer and the brand (Uncles, Dowling & Hammond, 2003; Matilla, 2006; Sui & Baloglu, 2003). Ultimately, these programs seek to build a long-term relationship with the customer through understanding and rewarding purchase behaviour (Meyer-Waarden, 2008).

In the gaming industry, both repeat patronage and brand attachment are important for player loyalty (Lucas, Dunn & Singh, 2005). One of the main ways that gaming venues try to earn loyalty from players is by offering a loyalty program that they can sign up for voluntarily and allows them to earn various rewards. The most common way that players can earn rewards is through the accumulation and redemption of points, which are usually earned by gambling. Many gaming venues also allow players to earn points for participating in non-gambling activities at the venue, such as shopping, dining, and other activities.¹

In order for players to accumulate points on their loyalty card for the gambling activities they participate in, they usually need to either insert their card into a slot (or other electronic) gaming machine before playing, or present their card to the dealer at a gaming table where their play can be tracked and rated.²

¹ Recently, it has also become possible for players in some jurisdictions to earn points on their loyalty card for participating in non-gambling activities outside of the gaming venue. For instance, in June of 2013, Hyatt Hotels & Resorts® and MGM Resorts International® formed a new partnership that allows members of MGM’s loyalty program, M life, to be able to earn tier credits when they stay at Hyatt properties around the world. Conversely, members of Hyatt’s loyalty program, Hyatt Gold Passport, can earn and redeem points on their loyalty card at 12 MGM properties on the Las Vegas strip (e.g., MGM Grand, Bellagio). (Hyatt Hotels Corporation and MGM Resorts International, 2013).

² A few gaming operators in Canada allow loyalty program members to have, and use, more than one loyalty card for their account at any given time. Where multiple cards are allowed, players can insert them into several slot machines or table game readers at once, depending on the particular rules of the game. Sharing one’s loyalty cards with other players, however, is prohibited.
venue know what games the player prefers. It also helps the venue determine which rewards to offer the player (Greenstein, 2012). The amount of money that players must spend on gambling to earn a single point usually varies across programs. In some, for example, players may need to spend $10 on slot machines to earn a single point, while in others, they may only need to spend $1 on slot machines to earn a single point. In addition to the baseline number of points that loyalty program members can earn for their gambling expenditures, they can sometimes also earn extra “bonus” points for spending beyond a certain level.

In most jurisdictions, loyalty programs operate on a tier-based system, such that a player’s tier level is determined by point accumulation, and greater rewards are offered as players move up to higher levels. The number of levels and types of rewards that players can earn at each level may vary across programs, but the underlying idea is the same: As play activity increases and more points are earned, higher tier levels are reached and greater rewards can be given. In most cases, not only are players required to obtain a certain number of points within a specified period of time to move up from the first tier level to higher levels, they must continue to earn a minimum number of points within a specified time period to remain at higher levels. If the minimum number of points is not earned within the designated time frame (e.g., 12 months), the player will be moved down to the level that aligns with their accumulated points. In some programs, players will be notified when they are approaching the end of their “tier year,” and will be informed of how many points they need to move up to the next tier, and the associated benefits of that tier.

The actual amount of money that players must spend on gambling (including bets and rebets) to move up to higher tier levels varies considerably across programs, and depends on a variety of factors—including how many points are required for each level and how much it costs to earn a single point. In Canada, a player may have to bet anywhere from $5,000 to $35,000 a year on slot machines to earn second tier level status, while they may have to bet anywhere from $25,000 to $400,000 for higher tier levels. In some programs, the highest (“VIP”) tier level requires a personal invitation to join in addition to a requisite number of points and gambling expenditures.3

Once earned, most loyalty programs allow players to redeem their points online, at the loyalty counter in a gaming venue, at a player kiosk, directly at a slot machine (if the reward is free play), or at other locations depending on the venue. Most programs require that a minimum number of points be redeemed at any given time (e.g., a minimum of 1,500 points, or the equivalent of $5 in cash back). The type of rewards that loyalty program members can obtain by redeeming their points depends on the jurisdiction: Some allow players to redeem their points for cashback and/or free slot play only; some restrict rewards to discounts or vouchers for services or merchandise; and some allow players to receive the full range of rewards.

In Canada, the terms and conditions for loyalty programs state that the inactivity of a player’s account for a particular period of time will result in membership cancellation and forfeiture of any points accumulated that have not been redeemed. The duration of the period of inactivity varies with the program, but is typically either 12 or 18 months. When players are approaching the limit for a period of inactivity, some gaming venues will send them a notice letting them know that their account has been inactive and will

3 While several gaming jurisdictions in Canada have tier-based loyalty programs, three jurisdictions do not: Manitoba, Nova Scotia, and Prince Edward Island. In these jurisdictions, loyalty program members receive equal benefits in their respective programs, regardless of their level of play.
expire soon. The notice might also offer the player an incentive to return to the gaming venue, such as a free play voucher.

b. Promotions

Besides earning rewards through points and tiers, loyalty members can also receive rewards through exclusive, members-only promotions. An example might be a “Ladies Night” event, whereby female loyalty members can enter a draw from 8 PM until midnight on a Friday evening for a chance to win prizes such as jewellery or spa services. Other examples include swipe-to-enter contests that allow members to swipe their loyalty card—sometimes daily—for a chance to win various prizes, and birthday club promotions that allow members to enter a draw once during their birthday month for a chance to win a prize. Those who use their loyalty card can also be automatically entered into random draws for cash, food and beverage, free play, and even large prizes such as cars and trips. While some promotions are exclusive to loyalty program members only, others may be available to all players, including those with loyalty cards. A few examples include:

- **Draws** – Players can enter ballots into draws for a chance to win cash and other prizes. Ballots can be earned by winning jackpots and/or by purchasing them at the gaming venue. In Canada, the rules for participating in promotions such as draws vary, with some requiring the player to be present when prizes are announced to be eligible to win, even when the draws take place over a number of hours.

- **Slot Tournaments** – Players can enter slot machine tournaments by paying a fee (e.g., $10) or by using their loyalty reward points. During a slot tournament, players are given a certain number of credits to gamble with for a specified period of time, and the player who ends up with the most credits at the end wins a jackpot prize.

- **Seniors Days** – On certain days of the week, seniors may be eligible to participate in random draws and/or be entitled to receive discounts on food, beverage, and venue amenities.

In general, promotions are meant to enhance patron experience at the gaming venue, and increase visit frequency as well as gaming revenue (Lucas, 2004). They provide players with an opportunity to win a wide range of prizes, and to participate in events that provide the players with particular perks.

c. Comping

- Most gaming venues—particularly casinos—have hosts whose job it is to create a relationship with players, a large part of which includes providing them with complimentary goods and services, commonly referred to as “comps.” In most jurisdictions, comps are a large part of what gaming operators spend each year on player rewards (Baynes, 2011).

- Generally, hosts offer comps to all patrons, from the penny slot players (“low rollers”) to those spending thousands of dollars or more per hand (“high rollers”). Exactly what players need to do to earn a comp varies across jurisdictions and individual gaming venues, but they typically receive comps based on their loyalty point accumulation, “theoretical loss,” and other variables. While hosts can offer comps to players at their own discretion, known as “discretionary comps,” most gaming venues have clear guidelines for how comps can be given out, and they usually need to be justified by the player’s gambling activity (Liu, 2005). In general, the more money bet
and the more time spent gambling, the higher the level of comp allowed (Tamburin, 2013). Low-level comps such as free food and beverage may sometimes be offered independent of gambling activity, and are often handed out randomly to players on the gaming floor. More valuable comps, such as free flights and luxury hotel suites, are usually restricted to high rollers who spend large sums of money at the venue. In Canada, at least one jurisdiction’s policy states that comps are issued at the discretion of customer service staff, who are encouraged to review players’ gambling history and the value of each player’s average earned comp per visit, in order to make an educated decision about what type of comp to offer. Besides being issued by hosts and customer service staff, comps are also frequently offered to players through the mail—and, in some cases—via email, text messages, and telephone.

MARKETING OF INCENTIVES

When gaming venues want to notify players about the different type of incentives they offer and the different type of rewards players may be eligible for, the information is communicated to them in several different ways. The main ones are through signage on the gaming floor, email, regular mail, and gaming venue hosts. The latter three forms of communication tend to be more personalized in nature and are more often based on past gambling activity than the former. Floor signage is typically used to advertise loyalty programs, or to let players know about general promotions such as discounts on meals, enter-in gambling tournaments, etc. Some other ways that gaming venues may let players know about incentives include social networking sites, billboards, and text messages.

In order for a Canadian gaming venue to be able to contact loyalty program members for marketing purposes—whether by regular mail, email, phone, or text message—the venue must first obtain the player’s consent. This is generally done on the application form as part of the registration process. Most jurisdictions ask players to check mark each method of communication they explicitly consent to receiving; other jurisdictions, however, simply ask players to provide all of their contact information on the form, and then state, in smaller print, that by providing this information, they are giving consent to receiving all methods of promotional communication from the venue. Once players become loyalty program members, they can usually opt out of receiving some or all forms of promotional communication at any time, although exactly how they must do this varies by jurisdiction and communication method. For example, in at least one province, if players no longer wants to receive promotional material through regular mail, they must mail in the request; if they no longer want to receive emails, they must email the request.

Impact of Player Incentives

Player incentives work to influence visit frequency and spending behaviour, and to garner a positive attitude towards the gaming brand.

LOYALTY AND VISIT FREQUENCY

In today’s competitive marketplace, gaming operators offer players not just rewards, but highly personalized service and attention. It is hoped that in addition to the rewards themselves, this will increase perceived value by the players and make them more loyal customers who visit the venue more often (Crofts, 2011; Chen McCain, Jang, & Hu, 2005). Surveys with loyalty members show that special treatment, positive employee interaction, and rewards such as cashback and free meals/ accommodation
are indeed linked to player loyalty (e.g., frequency of visits) to the gaming venue (Huang, Chen McCain, & Tie, 2008; Yi & Busser, 2008). Recognition for visiting and spending at the venue is also important for player loyalty (Huang et al., 2008), as is superior customer service. Chen McCain et al. (2005), for example, found that when Las Vegas casinos trained their employees to respond to customers’ needs and wants—as well as earn their trust—player loyalty was greatest, and it made a significant difference to whether or not the customer continued to visit the gaming venue.

SPENDING BEHAVIOUR

Research shows that, in addition to visit frequency, player incentives can impact spending behaviour, resulting in more money being spent gambling at the venue than might otherwise occur. Min (2012), for instance, examined how the introduction of a new loyalty program affects slot machine and table game betting amounts. The loyalty program studied by Min in Las Vegas included more opportunity for earning comps, greater tier-level benefits, and the ability to earn points through non-gaming spending. Overall, the program resulted in an increase in the amount of money that players bet on slots—such that collectively, they bet an additional $302,000 per day. (The incentives, however, had no effect on table game spending.) Other research shows that when incentives are offered to players during a gaming venue visit, they can increase betting amounts once gambling has already begun (Narayanan & Manchanda, 2011).

IMPACT OF INCENTIVES ON PROBLEM GAMBLING RISK

While player incentives are common practice in the gaming industry, there has been some concern among researchers that they may encourage problem gambling behaviour, particularly for those who are at risk of—or who have already developed—gambling problems (Hing, 2005; Narayanan & Manchanda, 2011; Southwell, Boreham, & Laffan, 2008). For example, players may be tempted to gamble more than they would otherwise in order to receive certain offers or to reach the next tier level in their loyalty program, making it more difficult to control gambling activity (Greenstein, 2012; Hing, 2005; Narayanan & Manchanda, 2011; Southwell et al., 2008). Indeed, many individuals with gambling problems have admitted to feeling tempted to revisit the casino after losing large sums of money and subsequently receiving a comp (Greenstein, 2012). And a live-play study commissioned by Gambling Research Australia found that obtaining loyalty program points and rewards was an important predictor of the self-reported urge to continue playing past one’s limit. For some players, getting program rewards was also associated with increased excitement and a loss of judgment over spending (Schottler, 2010).

The notion that player incentives may be particularly risky for those with gambling problems is supported by a study conducted with older adults who play electronic gaming machines (EGM) in Australia (Southwell et al., 2008). The study found that compared to players classified as low risk/non-problem gamblers, those classified as moderate risk/problem gamblers spent more time (33% vs. 14%) and money (27% vs. 11%) gambling when they participated in gaming venue promotions. In another study, player data taken over a two-year period from a U.S. gaming venue showed that over the course of the study, players defined as “addicted” gambled significantly more than those defined as “non-addicted” in response to marketing efforts such as comps. Moreover, while incentives offered to players during a gambling session increased betting amounts during that session for both addicted and non-addicted players, it also led to increased betting amounts in the next session for addicted gamblers only (Narayanan & Manchanda, 2011). Taken together, the findings of the latter study led the authors to conclude that comps may increase gambling involvement; may make it more difficult to control gambling
behaviour; and could potentially create problems for some players over the long term (Narayanan & Manchanda, 2011).

These conclusions are supported by surveys measuring attitudes towards incentives among players themselves. An Australian Clubs player survey, for instance, found that a significant number of gamblers feel that promotions encourage gambling—with approximately half of those surveyed believing that players have to be in the venue when prizes are announced in order to win contests, which could encourage players to stay there for longer and gamble more. Overall, many participants in the study viewed promotions as being against the “spirit” of responsible gambling, even if the gaming venue had implemented other responsible gambling measures (Hing, 2004). A subsequent study by the same author examined previously conducted interviews with Club players, and once again gaming venue promotions were a cause of concern: The excessive advertising of promotions, for example, was viewed as enticing players to gamble for longer (Hing, 2005). Other incentives—such as free weekly bus trips to and from the gaming venue—have also been viewed as inducements to gamble and potential contributors to problem gambling, especially among vulnerable populations such as seniors (Leaman, 2012).

Some researchers argue that offering inducements to gamble should be prohibited, as in New South Wales where hotels and clubs cannot offer free credits to current players, or as a means to encourage persons to become players (Hing, 2004; Gaming Machines Regulation, 2010). Others argue that loyalty programs should be eliminated entirely, particularly when a gambling provider has a monopoly, as these rewards only serve to encourage people to gamble more and are therefore not conducive to responsible gambling (Williams et al., 2012).

**Player Incentive Safeguards**

As researchers have recognized that player incentives can increase problem gambling risk, it has been suggested that in order to reduce that risk, incentives should be made safer for players (Independent Gambling Authority, 2012; Simpson, 2012). Some proposed ways to do this include conducting a risk analysis of players based on their loyalty card data, using loyalty card data to provide players with play history reports, and linking loyalty cards to pre-commitment. These are each described in more detail below.

**USING LOYALTY CARD DATA TO ASSESS RISK**

As already mentioned, loyalty programs allow gambling behaviour to be tracked when players insert their loyalty card into an EGM or present it at a gaming table. This allows the player to earn points and be eligible for certain rewards and other benefits. Some researchers have suggested that as a responsible gambling measure, players’ loyalty card data could be used to identify those at-risk of—or who have already developed—gambling problems. To increase the accuracy of this type of risk assessment, it has further been suggested that loyalty card data could be compared to “on the floor observations” (Independent Gambling Authority, 2012; Schellinck & Schrans, 2011). Potential drawbacks to risk assessments based on loyalty card data are: the difficulty in identifying the underlying reason for a player’s observed gambling behaviour; the inability to track gambling behaviour at other venues that do not use the same loyalty card; and the sharing of cards among players (Independent Gambling Authority, 2012; Schellinck & Schrans, 2011).
USING LOYALTY CARD DATA FOR PLAY HISTORY REPORTS

Another recommended RG safeguard for player incentives is to send past-month and past-12 month statements to all loyalty members that would inform them of their monthly gambling expenditures. Players could also be given normative feedback on the frequency and duration of their gambling, using the entire database of loyalty members to calculate percentages, averages, etc. (Simpson, 2012). This safeguard has already been implemented, to some extent, in Manitoba. In this province, Club Card members may request to receive Gaming Activity Reports which let them know how much they have spent on electronic gaming for a period of time of their choosing. Players can ask to receive one-time or ongoing reports by mail (at 3-, 6-, or 12-month intervals), or they can view reports immediately on-site at the Responsible Gaming Information Centre (RGIC). The reports are promoted to players through newsletters, the Internet, and at RGIC events. However, normative data is not provided to players in Manitoba at the present time. OLG’s Winner’s Circle Rewards members can access their play activity for January to December of the previous calendar year, online at any time. Full player history reports can be accessed via a freedom of information request.

LINKING LOYALTY CARDS TO PRE-COMMITMENT

Player incentives, as we have already seen, may be harmful to some players because they may gamble more than intended in order to obtain certain rewards or reach higher tier levels (Henley & Brading, 2009; Responsible Gambling Advocacy Centre, 2011; Williams, West, & Simpson, 2012). Thus, some researchers have suggested that loyalty programs should be linked to pre-commitment tools such as limit setting, so that once a player’s limit has been reached, the ability to earn additional points could substantially be reduced or prohibited altogether. Players could also be rewarded for responsible play, rather than for the amount of play, and could receive rewards for using limit setting and other responsible gambling tools (Simpson, 2012; Williams et al., 2012). The main concern with linking pre-commitment to loyalty cards is that asking players to set limits on a card that also rewards them for gambling more seems counterintuitive. However, if implemented appropriately with the proper safeguards, some still view linking pre-commitment to loyalty cards as a potential way to reduce problem gambling risk (Simpson, 2012; Responsible Gambling Advocacy Centre, 2011).

Again, the above safeguard is already implemented in Manitoba. Specifically, members of Manitoba Liquor & Lotteries’ loyalty program (Club Card) have the option of setting personal daily limits on their loyalty card for electronic gaming, such as the amount of money spent and lost, and the amount of time played. If a particular limit has been reached during play, players will get a message letting them know that the limit has been reached. If players continue to gamble, they will not accumulate any additional points for the remainder of the gaming day. The limits that the players set are site-specific due to the technology being used, meaning that players must set separate limits for each Manitoba Liquor & Lotteries venue (2 casinos and 1 gaming centre) in the province. The separate limits for each of the three venues require a separate enrolment and change process, which has limited the uptake of this feature. The limit-setting option is promoted to players on the loyalty program application form.

OTHER SUGGESTED SAFEGUARDS

In addition to these safeguards, people have suggested that in order to make loyalty programs safer, players should be able to earn points and rewards not just for the time and money they spend gambling, but for participating in non-gambling activities as well, such as shopping at the gaming venue, eating at its restaurants or purchasing tickets for shows. (Responsible Gambling Advocacy Centre, 2011). As
mentioned earlier on in this chapter, many loyalty programs allow this already, and some allow players to earn points for non-gambling activities done outside of the gaming venue.

Simpson (2012) also suggests that gaming staff be required to intervene when a loyalty member exceeds certain thresholds for frequency of gambling, duration of sessions, average bet size, and cumulative losses—arguing that loyalty programs currently track these measures to calculate player incentives anyway.

Specific RG Guidelines for Player Incentives

CANADA

No Canadian jurisdiction has developed RG guidelines specifically for player incentives. All jurisdictions do, though, have restrictions on advertising and marketing, which may include the advertising and marketing of loyalty programs and other player incentives. The most common advertising and marketing restrictions are: encouraging excessive or irresponsible play; encouraging people to play beyond their means; exaggerating the chances of winning; implying the certainty of financial reward; and depicting or appealing to minors.

The only other Canadian guidelines for player incentives found by RGC that could be interpreted as related to RG were the few included in the Alberta Gaming and Liquor Commission’s (AGLC) Casino Terms & Conditions and Operating Guidelines for casino licensees. The guidelines contain a section entitled “Promotions,” which stipulates the following:

- Casino facility licensees may not provide any promotional activity which offers increased payouts to reward frequent play;

- Free draws, contests, giveaways or similar promotions are allowed, provided that a person is not required to play table games or electronic games, or to remain in the facility, in order to receive a prize as a condition of participating in, or entering, the draw or other promotion;

- A casino facility licensee may require a person to be present at the time of a draw to receive a prize, but the time, date and place of the draw must be prominently posted within the casino facility;

- Player tracking and reward programs are allowed, but these programs must be submitted to the AGLC for approval prior to their implementation. The program submissions must include the following conditions:
  - The casino facility licensee must maintain a current record of players who are Voluntary Self-Exclusion (VSE) participants and exclude such participants from any casino marketing; and
  - The casino facility licensee must include a statement indicating that a patron may be removed from the player reward mailing list at the player’s request.
Availability of Responsible Gambling Information

All Canadian jurisdictions have a policy commitment to ensure that players have access to RG information, though the availability and distribution of this information for loyalty program members varies from province to province. Some loyalty program application forms include RG information such as the provincial problem gambling helpline number and the gaming operator’s RG tagline. Some RG information may also be embedded in the loyalty program’s terms and conditions, such as the fact that players who are self-excluded cannot register for—or participate in—the program, and (where offered) play history reports are available for members upon request. In addition, gaming operators in several jurisdictions have branding standards and/or marketing policies that require the name and logo of their RG program, as well as the provincial problem gambling helpline number, to be included on all promotional materials.

Self-Exclusion

In Canada, all jurisdictions prohibit self-excluded players from registering for a loyalty program. They also prohibit current loyalty program members from continuing to participate in the program if they self-exclude from the venue. Exactly what happens to players’ loyalty program membership when they sign up for self-exclusion varies across jurisdictions. In most provinces, their membership is cancelled, while in others, it is suspended until they reinstate. Any unredeemed loyalty points may be forfeited, paid out to players in cash, converted to gift certificates (e.g., for groceries), or given to players to redeem.

INTERNATIONAL

While RG guidelines for player incentives outside of Canada are few, some have been developed specifically for loyalty programs in Queensland, Australia. Tasmania has also developed some RG guidelines as part of its broad restrictions on player incentives. The guidelines of Queensland and Tasmania are presented in turn below.

Queensland

In 2007, the Queensland Treasury published the document, Queensland Responsible Gambling Guidelines for Player Loyalty Programs. The guidelines were developed jointly by representatives of the gaming industry, the community, and government, and were intended to be used in conjunction with the State’s Advertising and Promotions Guideline to support the Queensland Responsible Gambling Code of Practice. In general, the guidelines state that loyalty programs should be advertised and promoted similarly to other gambling products and services. Thus, they should promote gambling as a form of leisure and entertainment, which can be enjoyable if engaged in responsibly. More specific components of the guidelines include:

- Advertising and promotion of loyalty programs within the community must comply with the Queensland Responsible Gambling Advertising and Promotions Guideline;
- Direct marketing of loyalty programs must comply with the Direct Marketing Code of Practice of the Australian Direct Marketing Association (ADMA);
- Loyalty program registration must include relevant information for players to make an informed decision about their participation in the program;
• Program features and functions must not offend prevailing community standards; must not target minors, disadvantaged, or vulnerable groups; and must not involve irresponsible trading practices by the gaming provider;

• Where practical, mechanisms to earn and redeem points must not focus exclusively on gambling activities where other activities are available at the gaming venue;

• Positive RG messages, where appropriate and possible, are to be incorporated into loyalty program features and functions; and

• Loyalty programs must comply with the Exclusions Framework (program material must not intentionally be sent to excluded players or to those who have requested such material not be sent; players can opt out of receiving program material by mail, etc.).

**Tasmania**

In 2012, the Tasmanian Gaming Commission developed new guidelines for player incentives such as promotions and loyalty programs (Tasmanian Gaming Commission, 2012). The guidelines include the following restrictions:

• Any inducement, regardless of the amount, must be redeemable for services other than just gambling;

• Players must not be offered free or discounted alcohol for consumption on the premises, or vouchers for the purchase of alcohol as an inducement or reward for gambling;

• Players must not be required to be at a prize draw, or on the premises at the time of a prize draw, in order to be eligible to win any prize that is greater than $1,000 in value;

• Loyalty program members must be provided with a player activity statement annually, which lets them know the points or the equivalent, that have been accrued as a result of gambling;

• At least once per year, loyalty program members must be sent self-exclusion and RG information that states the name and telephone number of the Gambling Helpline; and

• Loyalty program members must not be offered rewards greater than $10 which can be used for gambling purposes.

In 2013, the Tasmanian Gaming Commission developed additional guidelines, specifically for “Premium Player Programs”—a more exclusive loyalty program that requires an invitation to join and a certain level of gambling to remain in the program. RG components of the guidelines include:

• Prior to being admitted to the loyalty program, potential members must state in writing that they are not currently excluded from gambling anywhere in Australia and that they have control over their gambling. If players do not meet either of these requirements, they cannot be admitted to the program;
• If a player has previously self-excluded from gambling anywhere in Australia, a Responsible Gambling Manager must provide evidence showing that the player is currently in control of their gambling before membership to the program is granted;

• Each player’s loyalty program membership must be reviewed every six months. If a player is identified as not being in control of their gambling, their membership must not be renewed;

• Members must be provided with a play activity statement every six months showing, in dollars, the amount of all expenditures on gambling during the statement period;

• The operator must conduct information sessions on gambling, harm minimization, and problem gambling for staff and program members at least every six months;

• There must be a system in place to monitor members for signs of a potential gambling problem and to report any findings to the Responsible Gambling Manager. The system must include a range of indicators and measures of gambling-related behaviour, such as play activity levels, session length, visit frequency, and ATM usage. The system must also include a framework for appropriate response and intervention;

• RG messages must be included on promotional material, such as discounts and cash rebate offers; and

• Direct marketing to members that encourages them to increase their typical level of gambling expenditure in order to receive additional rewards/benefits is prohibited.

Summary

In summary, the following key points emerged from the literature and policy reviews:

• There are many categories of rewards that a player may receive, such as: cash/cashback, free play, accommodations, entertainment, free or discounted services, merchandise, food and beverage, and air fare.

• Rewards can be obtained by participating in a loyalty program, via promotions, or through comps.

• Loyalty programs are voluntary, and are designed to attract new players as well as maintain the current player base. As loyalty program members, players are able to collect points and redeem them for particular rewards. Point accrual is generally tracked through the use of a loyalty card.

• Loyalty programs often operate on a tier-based system. A player’s tier is generally determined through point accumulation, with higher tiers equating to greater rewards for the player. The amount that a player must spend to obtain enough points to move up a tier varies across jurisdictions. Generally, players must collect a particular amount of points annually to remain in a specific tier.

• Incentives are marketed via venue signage, mail, email, gaming venue hosts, social networking sites, billboards, and text messages. In Canada, players must provide consent for the venue to contact them for marketing purposes.
• Player incentives are designed to impact the player’s loyalty and thus increase visit frequency to the venue. Players generally respond positively to special treatment, positive employee interactions, rewards, recognition, and superior customer service. Player incentives have also been shown to increase player expenditure at the gaming venue.

• There is concern regarding the impact of player incentives on problem gambling risk. There is some evidence suggesting that players, particularly at-risk players or players with a gambling problem, may be tempted to continue to gamble because of player incentives.

• Researchers have proposed implementing player incentive safeguards to help mitigate the risk of problem gambling. Examples included: using loyalty card data to assess risk; using loyalty card data to provide play history reports; linking loyalty cards to pre-commitment tools; allowing players to earn points for participating in non-gambling activities; and requiring staff to intervene when a player exceeds particular thresholds for gambling frequency or duration, bet size, or cumulative losses.

• Currently, RG-specific guidelines for player incentives are scarce. Some guidelines currently in place in Canada involve the provision of RG information via the application forms and on marketing materials, and prohibiting self-excluded persons from participating in the loyalty program.

• Internationally, Queensland and Tasmania have developed RG guidelines specifically for player incentives.
A focus group with individuals in treatment for gambling problems was conducted in order to explore their experiences with player incentives and any suggestions they have for making incentives safer for players. The group was led by a treatment provider, and consisted of 8 participants (5 males and 3 females). The entire discussion was recorded and subsequently transcribed.

The main findings of the focus group, organized by topic, are presented below.

History of Gambling Problems

The focus group began by asking participants, in a general way, what forms of gambling were associated with the development of their gambling problems. Almost all participants said that slot machines were—although a few said table games—and all said they associated the frequency of their gambling with the development of problems. For the most part, participants said they gambled at gaming venues in Ontario, with the exception of two who said they also gambled out of province.

Introduction to Player Incentives

When asked about their experience with player incentives, all focus group participants said they had been members of a loyalty program, but had developed problems with gambling before they signed up for it. Generally, participants said they became aware of the program by seeing others with loyalty cards or by word of mouth. A few said they were approached by gaming venue staff who offered them information about the program while they were at gaming tables or after they had won a large prize playing slots. Participants said that at first, they were hesitant to sign up for the loyalty program, and only considered it seriously when they became more involved with gambling and felt that it was a way to recoup money they had lost. Some comments were:

“I started playing without the card and eventually as I became more involved in gambling, I signed up for the card. I thought, ‘Well, since I’m putting in so much money, this is a way to get some of my money back’.”

“I noticed people with cards, and it was after my first year that I thought ‘Gee, I should sign up’.”

“At first, I didn’t want any information about it. Then by the time you blow the amount of money that I did, it was like, ‘Wait a second, I think I could start getting something from this’.”

“My first year was just a social thing; my second year was half-social; and in my third year, I was there to beat the machines, so I participated in incentive programs.”

“I saw people with all these rewards and kept hearing about meals and other types of things they were getting [with the card], so I thought I would sign up for it.”

Understanding How Rewards Are Earned

When participants were asked how they earned the rewards they received, they said the rewards were based on the amount of money they spent gambling at a particular venue and the specific tier level they had reached in their loyalty program. One participant summed it up by saying, “The more you spend, the...
more you get, and the better you are rated.” All participants reported that over time, they moved up to higher tier levels that offered greater rewards. Examples of some of the rewards that participants received were:

- Cashback
- Vouchers for free play and meals
- Free valet parking, hotel rooms, and tickets to concerts or sporting events
- Free entries into slot tournaments and draws (e.g., for trips, cars)
- Invitations to participate in sporting events (e.g., golf)
- Gifts for themselves and family members (e.g., luggage, wine glasses, watches, leather jackets)

**Appeal of Rewards**

When asked what it felt like to earn rewards, participants responded with, “You feel like a big shot” and “It makes you feel important.” Generally, receiving rewards seemed to affect participants’ sense of self in a positive way, with many saying it was an ego boost which encouraged them to gamble more in order to reach higher tier levels. One participant said, “It became an internal contest.” Another one added, “If I get to this level, I get more free meals, more free rooms, more free shows and someone greets me and treats me nice.”

While participants generally felt proud to earn rewards, once family and friends started to become concerned about their gambling, many felt embarrassed about receiving some rewards—especially gifts. Thus, they reported hiding them because “…they had the gaming venue’s logo on them and there was no hiding where the gifts came from.” One participant added, “I would go get the gift and when you brought it home it would identify that you were there that day...it would show you are getting something for free and let’s face it, you don’t get much for free these days without doing something to get it.”

**Marketing of Incentives**

When focus group participants were asked how the gaming venue let them know about the rewards they could earn, they most often said via regular mail, email and on-site at the venue. Depending on the tier level they had reached in their loyalty program, some participants also said they received more personalized attention and were notified about incentives by phone.

In terms of the frequency of marketing communications they received, participants said they received more after they won a large jackpot, and there was a marked increase in communications when they moved to higher tier levels in their loyalty program. As one participant said, “I definitely got more correspondence when I went from the lower level to the middle level—by email, mail and phone calls.”

When participants decided to reduce their gambling or stop it altogether, many said they contacted the gaming venue and asked them to stop sending promotional material. While some participants subsequently stopped receiving the material, a few continued to—despite numerous requests to have them stopped. For at least one participant, this caused a relapse: “My relapse occurred as a result of an
offer that was sent to me. I thought I would just go in, redeem it, and leave. But once you are there, they
don’t just give it to you, you need to put it in the machine and after that it all goes back to where I started.”

For participants who had self-excluded from the gaming venue, all promotional materials were
discontinued and any unredeemed loyalty points they had accrued were forfeited. Once their self-
exclusion period ended, however, they automatically began receiving promotional material again, even
though they had not specifically requested it. One participant stated, “It was exactly a year after my self-
exclusion date that I started receiving emails again.” For another participant who had self-excluded,
promotional mailings were discontinued, but they received phone calls offering them incentives to return
back to the gaming venue.

Impact of Incentives on Gambling Behaviour

When focus group participants were asked whether they felt their gambling had changed as a result of
participating in player incentives, all participants answered “yes.” For the majority, it was the frequency of
their gambling that had changed. As one participant said, “For me, the frequency dramatically increased
with the cards and offers. It got you in there more often because now there was an added incentive. I was
guaranteed something.” In addition to impacting frequency of play, many participants said that some of
the conditions placed on rewards encouraged them to not only stay longer at the gaming venue, but to
spend more money gambling than intended while there. Some examples of these conditions were:

• Free play vouchers given to players while they were at the venue could only be redeemed several
  hours later (e.g., 1 AM – 6 AM);

• Free play vouchers given to players could only be redeemed after players first bet a certain
  amount of their own money gambling; and

• Multiple free play vouchers could only be redeemed within a single, 24-hour period.

As well, some participants said that the conditions placed on rewards affected their intention to go home
after suffering a significant loss. As one participant commented, “Even if I was planning to go home, if I
had lost my money at 11:00 but I had a voucher that was only valid after midnight, I’m still staying there
until after midnight.” Another participant added, “If you have a voucher like that, not only will you stay and
eat, but you’re going to gamble again because at midnight you can access more cash on your card—it’s a
new banking day.”

Participants noted that some of the marketing communications they received also fueled them to gamble
more, such as: “You only have 80 more points to become a Gold member, and you have to do that by
December 1st.” Participants felt that these types of communications encouraged them to gamble more
because they wanted to attain the rewards offered at the higher tier levels.

Overall, many participants felt that incentives made it more difficult for them to manage their gambling,
both by enticing them to go to the gaming venue to receive or redeem the rewards, and by encouraging
them to gamble once they were there. As noted by the participants:

• “Had those promotions not been given to me, I would not have had any reason to go to the
casino.”
“I was getting pretty high incentives to go there. Even if I had no money to go, I would go just for that incentive but I would basically clean out my account while I was there.”

“For us, it’s like waving a bottle of alcohol in front of the nose of a person who is trying to stop drinking. That’s the way I saw it and it’s almost irresistible to say no to it.”

“It drove me back up there to get the money. I thought, ‘OK, go get the money and I’ll have a little to live on for 3 days’.”

Many focus group participants also said that receiving financial incentives in particular made it seem like they had less of a problem. Some participants also felt that they could win back their losses with the gaming venues’ money. Participants said:

“It softens the blow.”

“Makes you feel like you’re getting something back. Maybe I gave X amount of dollars, but I got a percentage that they gave back to me.”

“Maybe I’ll get lucky and if I go back there, I can chase that loss with their money now as opposed to putting in more money of my own.”

Other participants felt that financial incentives gave them a sense of hope. As one participant said, “It made me feel better because I could go. I knew I shouldn’t go—I had bills to pay—but I was thinking, ‘I’m going to go and just play with that bonus and hope that it keeps me going’.”

**When Incentives Cross the Line**

When participants were asked, “What is crossing the line in terms of gaming venues going too far with their promotions?,” many said that sending promotional materials to players who have self-excluded was crossing the line, especially when the players had yet to reinstate after their self-exclusion term was up. As one participant said, “It brings it back to mind, when you are trying to stop.” Other ways promotions were considered to cross the line was when—as mentioned earlier—they included certain conditions that encouraged the player to gamble more, such as the promotion could only be redeemed several hours after the player had received it (e.g., from 1 AM – 6 AM). A few participants felt gaming venues crossed the line simply by not balancing the promotion of incentives with making players aware of the risks involved and that help is available if needed.

**Ways to Make Incentives Safer**

Near the end of the focus group, participants were asked whether they had any recommendations for making incentives safer for players. In addition to saying that some of the conditions placed on incentives discussed above should be changed, participants said that the venue should educate and inform players. When asked what type of information players should be given, some participants felt that it would be good for players to know exactly how much money is required to be spent on gambling in order to earn a certain number of points. For example, “They should tell you up front that for every $20 you spend, you get X amount of points.” Participants said that this would allow players to make an informed decision about participating in loyalty programs. Other suggestions included:

- Give players information on the risks involved when they sign up for a loyalty program;
• Offer players an optional responsible gambling course as part of the loyalty program;

• Provide players with monthly statements that break down their expenditures;

• Use loyalty card data to identify players who may have a gambling problem, offer them help and/or reduce the number of incentives offered to them; and

• Send players communications with focused RG information, such as the signs of a gambling problem, the type of help that is available, etc.

In addition to the above, participants said that when gaming venues send out promotional material that also contains the provincial problem gambling helpline number, the information should be made more prominent, so that it does not get overlooked by someone who may need assistance. Participants made this recommendation because one of them had said that when they were looking for the helpline number in a promotional mailing they received, they could not find it easily—it was buried deep within the communication in a smaller-sized font than other text. Other participants said they never even noticed the helpline number on any promotional material they received. In general, participants felt that they would have benefitted from education about available help resources, as well as the signs of a gambling problem.

Summary

In summary, the following key points emerged from the focus group:

• Participants may have had concerns with their gambling prior to signing up for a loyalty card. All participants associated the frequency of gambling with the development of their gambling-related problems.

• All participants had participated in a loyalty program only after they became more involved in gambling and for some they felt it was a way to recoup losses.

• For many participants receiving promotions and comps was an ego boost that encouraged them to play more in order to reach higher levels.

• The majority of participants felt that their gambling frequency increased as a result of receiving promotions or comps.

• Participants felt that the monetary promotions would distort their perception of their gambling problems. Many felt that they could win back their losses with the gaming venue’s money.

• Many participants requested to unsubscribe from promotional mailing lists once they began to have concerns about their gambling. While the majority of participants no longer received mailings, others continued to do so. Those who self-excluded noticed an immediate stop to promotional materials, until their self-exclusion period had ended.

• Participants felt that promotional materials cross the line when they are sent to self-excluded people during their ban or immediately upon ending their ban without their consent. For others, crossing the line was as simple as not having a balance between promotions and information that makes players aware that help is available if needed.
Participants felt it is important to know the actual value of the points earned for a certain amount spent gambling. Other recommendations included: providing information on risk as part of the loyalty program sign-up; focused mailings (i.e., help availability, signs of a gambling problem); and using the loyalty card to identify gamblers who may have a potential gambling problem and offer them help or reduce promotions they receive.
CHAPTER 3: EXPERT FORUM RESULTS

The expert forum was held December 8 to 10, 2013 in Toronto, Ontario. Attendees came from across North America and Australia and included gaming providers, regulators, treatment counselors, researchers, marketing experts, and individuals who have sought help for a gambling problem. The forum was moderated by a professional facilitator and consisted of presentations, panel discussions, participant polling, and large group conversations.

The main purpose of the forum was to provide attendees with a good understanding of how player incentives work; what makes them so appealing to players; how they might impact gambling behaviour and problem gambling risk; when they “cross the line;” and what opportunities exist to make them safer for players. The findings of the forum as they pertain to each of these areas are presented in sequence below.

How Player Incentives Work

The forum opened with the presentation, Player Incentives: What Exactly Are They?, which provided a thorough background of the different types of incentives as well as the rationale, from a marketing perspective, for tailoring incentives to players. Much of the material presented in this session has already been discussed in Chapter 2 of this report and will not be repeated here. There was, however, some new information. For instance, during the presentation the distinction was made between two categories of incentives: rewards—which are a direct result of past gambling behaviour, and offers—which aim to change future gambling behaviour. Rewards are proportionate to the amount spent and players are made aware of what is required (i.e., how many points are needed) in order to receive them. In contrast, players are not made aware of how offers are distributed, and—unlike rewards—offers are not necessarily given to the player that gambles the most. Rather, they are often given to the least loyal player in an attempt to increase patronage. Therefore, from the venue’s perspective, offers are the most important type of incentive. The presentation also highlighted that offers of cash and free play are particularly popular among players.

The presentation provided insight into the extent of marketing initiatives, from the venue’s perspective. The average casino spends approximately $0.25 of every dollar on marketing efforts, and the vast majority of its marketing is through direct mail, with the average loyalty program member receiving approximately 100 pieces of mail per year. The presenter also explained that though social media is a common marketing tool among other industries, casinos still tend to send incentives via mail as the majority of casino patrons do not use social media, and the benefits of sending mail-outs outweigh their costs.

When tailoring incentives to players, the venue will consider several factors, including how much players spend per visit, the frequency of their visits, and their distance from the venue, to name a few.

Three Canadian Examples

In the session, Player Incentives: A Canadian Perspective, three presentations provided an overview of how gaming incentive programs operate in Manitoba, Ontario, and Quebec. Highlights of each presentation are provided below.
Manitoba

The first presentation described Manitoba Liquor & Lotteries’ Club Card rewards program, which allows players to earn points through electronic games, table games, and bingo. The program offers both play-based, as well as non-play based, promotions. Members are also offered discounts on food and beverage, entertainment, parking, and the gift shop. Points cannot be redeemed for free play, however, free play is offered on occasion (e.g., upon loyalty program sign-up, on birthdays, and when members have not visited the venue recently). The loyalty program does not work on a tier-based system—increased spend does not lead to additional benefits for players. However, players are tiered internally to help target incentives and offers. Additionally, a small percentage of members receive personal attention from a venue host on-site, and they receive invitations to special events and dinners.

Ontario

The second presentation in this session described Caesars Windsor’s Total Rewards loyalty program. The program has four tiers, and a player’s tier level is determined by the number of points accumulated within a calendar year. Membership to the fourth tier is quite selective, as it requires an invitation. Reward points can be earned through slot machines and table games, and also through non-gaming means such as dining, entertainment, and accommodation. Points can be redeemed for both gaming and non-gaming rewards. The Total Rewards marketing strategy has three branches, through which players can earn the following categories of incentives:

1. **Loyalty/Brand:** These are tier-based incentives that are communicated and guaranteed to members when they sign up for the Total Rewards program.

2. **Database marketing:** These are incentives that are communicated but not promised to members. They are offers tailored to the individual—based on their loyalty card data—and are designed to increase “profitable behaviour.”

3. **Discretionary comps:** These are incentives that are neither widely communicated nor promised to members. They are administered individually at the discretion of Caesars Windsor. For example, a casino host might offer a member free play, accommodation, dining or show tickets.

Quebec

The final presentation in this session described Loto-Quebec’s Casino Privilèges Club loyalty program. It is a tier-based program with three status levels plus a “VIP Select” level that requires an invitation to join. Benefits of the loyalty program vary depending on tier level, and players can earn points through slot machines, table games, and keno. Points earned through slot machines can be redeemed for cashback, while points earned through table games and keno can be redeemed for cashable comps or services. Major promotions take place roughly three to four times per year, through which a player can usually earn additional entries to contests with more play, up to a particular limit. Offers are determined by a player’s visit frequency and expenditures.

Psychological Appeal of Player Incentives

During the forum, a few presenters and panelists discussed what it is about player incentives that might make them so appealing—both to players in general as well as to those who have experienced gambling-related problems. In the session, Do Player Incentives Work?, some of the factors that make incentives appealing include:
1. **Psychological**: A player could be made to feel important by the incentive and the personal attention that often comes with it, thus feeding the person’s ego;

2. **Economic**: The value of the incentive might make the player believe it is helping to offset the cost of gambling losses, travel, accommodation, etc.; and

3. **Convenience**: Having the host arrange logistics of the trip (e.g., travel, accommodation, food, and entertainment) saves players from having to make these arrangements themselves.

During the panel discussion, *Do Player Incentives Increase Risk? What Players and Treatment Providers Say*, treatment providers said that their clients have told them that loyalty programs and incentives make them feel special, like they are being recognized. Their clients have also said that there is a sense of security knowing that they will be taken care of at the venue.

According to the former players on the panel, offers for free hotel stays used to make them feel like a “big shot.” To describe incentives, they used words and phrases such as “recognition,” “anticipation,” and “fuel,” and described their feelings towards the casino as “a companion” and “an escape.” One panelist said that different things pull different people in; it is the “offer” piece that is enticing.

### Player Incentive Impacts

During the forum, several presenters discussed some of the possible impacts of player incentives on gambling revenue, behaviour, and problem gambling risk.

#### GAMING REVENUE

The session, *Do Player Incentives Work?*, looked at the impact of incentives on gaming revenue. The presenter noted that it is often difficult to measure revenue impact as many factors can influence it. Nevertheless, there is some research that shows many incentives are expensive to execute and often do not cover the costs to operate them. Research has also shown that more valuable players (“high rollers”) expect more valuable incentives, and thus while these players may bring in higher revenue for the casino, the cost of incentives for them is greater and, as a result, the profit margins are often narrower compared to incentives for regular players.

#### GAMBLING BEHAVIOUR AND PROBLEM GAMBLING RISK

The session, *Do Player Incentives Increase Risk? What the Evidence Says*, presented a study that examined the effect of comps on gambling behaviour and whether they differentially affect players who display “addictive” behaviour. For the purposes of the study, an “addiction” was considered present when a player’s play/bet amount increased over time. Using a casino’s loyalty card data, the study looked at the relationship between the value of comps awarded to players and their sequence of

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4 In a different session, a presenter shared with the audience that a focus group participant once referred to the casino as her “country club” where she wanted everyone to recognize her.

5 This study, by Narayanan and Manchanda (2011), has already been briefly discussed in Chapter 1. More detail is provided here.
decisions (such as the decision to play given previous play and bet amounts). The findings suggested that comps do affect gambling behaviour, such that when there was an increase in comps, there was a small increase in both short-term and long-term betting. Moreover, when players were given comps, there was a reduction in the number of days between their trips to the casino. For players who displayed addictive behaviour, the response to the comps (i.e., bet amount and number of plays during a trip) was twice that of the average player. Based on the data, it appears that comps do have an effect; while small for the average player, it is larger for those who meet the above definition of addiction. It should be kept in mind, however, that while the study suggests that comps can get players to spend more, it does not necessarily show that comps cause them to engage in addictive behaviour.

During the panel discussion, *Do Player Incentives Increase Risk? What Players and Treatment Providers Say*, treatment providers and former players who have sought help for a gambling problem said that in their opinion, incentives can influence gambling behaviour because they bring players back to the casino repeatedly under the guise of “free things.” Former players said they used to think that they could just visit the casino, redeem their comp, and leave, but this was not the case. Vouchers that had two parts—such as a meal that could be redeemed at one time and then another meal that could only be redeemed several hours later (e.g., in the morning)—had players waiting for hours so that they could redeem the second portion of the comp. Cash rebates were also particularly enticing for those with a gambling problem, because when the player was low on funds, they would wait for the rebates so they could go back and play, to “keep them in action.”

One panelist commented that to someone who has nothing, even a $20 rebate is a big deal and can drive behaviour. Indeed, another panelist said they used to go as far as to re-arrange their weekly or monthly schedules based on when they knew they would be receiving comps. Former players also said they sometimes felt that when they received a comp, it was as if they were being told “it’s okay” they were spending so much. A few members of the audience added that comps could entice players to go back to the casino and chase losses, and that it is not necessarily the biggest rewards that are the most powerful. There was some agreement among panelists that for an at-risk player who has not self-excluded, receiving incentives could “tip the scales.”

**IMPACT OF INCENTIVES IN GENERAL ON FORUM PARTICIPANTS**

When forum participants were asked how any reward programs they participate in (e.g., grocery, drugstore, etc.) influence their own behaviour—the majority said that the programs affect their behaviour either “a little” or “somewhat,” depending on the particular product involved and how frequently they use it. Additionally, participants said that incentive programs in general likely influence a consumer’s decision about which competitor to do business with.

In discussing some possible similarities and differences between gaming and other incentive programs, a large majority of participants felt that gaming loyalty programs probably affect behaviour the same way as other programs. Some participants, however, pointed out that gaming loyalty programs may have more of an effect because they carry the potential for immediate rewards and because cashback and free play offers can lead to a cycle where gambling leads to more gambling. Participants also mentioned that with most other incentive programs, members purchase products they were likely to buy anyway (e.g., groceries, flights for business).
When Incentives Cross the Line

Throughout the forum, there was much discussion among participants about whether—and under what circumstances—incentives “cross the line.” In one of the polling and large group discussions, an overwhelming majority of participants said that there are definitely situations where incentives cross the line and provided the following examples: when incentives encourage players to over-extend themselves; when they target vulnerable players; when hosts are encouraged to offer incentives to players who they know or suspect have a problem; when a player opts out from receiving incentives but still receives them; and when the casino personally calls the player to offer incentives.

During the panel discussion, *Do Player Incentives Increase Risk? What Players and Treatment Providers Say*, panelists said that crossing the line would be offering incentives that require players to stay until after midnight to redeem a portion of their comp—partly because the player would have cleared the daily ATM limit (since it is a new day), which could lead to over-spending. When panelists were asked where to draw the line between who should and should not receive incentives, some suggested that incentives should not be given to players with a gambling problem. Others, however, said that it is too difficult to identify these individuals, while some said it was obvious when walking around the casino.

A few participants said that gaming operators should be able to use the technology they have and the wealth of data they collect on players to identify those at risk, as well as to limit and/or track the impact of incentives on high-risk players and perhaps use the information to help them. Some operators and marketing experts in the room, however, noted that gaming operators, at least in the U.S., are usually hesitant to use player data from loyalty programs for this purpose because the data set is incomplete and cannot be used to make assumptions about players. For example, without information on the player’s income and assets they cannot assume that the player is playing beyond their means. They feel it is not their right to pass judgment, and are concerned they may be sued if they identify a player as being “at risk.” As well, even if they are 95% confident that a player has a problem, there is still the chance that they could be wrong. A participant commented that a player who plays $5 one day, $10 the next, and continues to increase their bets, could just be a player that “bought a product and liked it”; the operator cannot make the assumption that the player is chasing losses.

Incentive Safeguards

A large part of the forum focused on safeguards for player incentives—which ones currently exist, what their limitations are, how they might be improved, and what opportunities there are for new safeguards. These topics are each discussed in turn below.

NON-GAMING

The presentation, *Incentive Safeguards in Gaming and Non-Gaming Industries*, began with some discussion of incentive safeguards in a few risk-inherent industries other than gaming (i.e., tobacco, alcohol, pharmaceutical). The purpose was to see what, if any, lessons could be learned from these industries for the gaming industry. In the case of tobacco, there is federal legislation in Canada forbidding the marketing of tobacco products. Offering gifts, bonuses, premiums, or cash rebates on tobacco purchases is also banned. In the case of alcohol and prescription drugs, consumers (depending on the jurisdiction) are able to earn loyalty points for these purchases. However, the points earned are part of a much larger loyalty program (e.g., Air Miles, Shoppers Optimum) and, as such, points can be earned not just for alcohol and prescription drugs at liquor outlets and drugstores, respectively, but for other products.
at a wide number of retailers. Additionally, the points earned through these programs usually cannot be redeemed to purchase more alcohol or prescription drugs.

**GAMING**

In the session discussed earlier on in this chapter, *Player Incentives: A Canadian Perspective*, the three individuals who presented some details of their player incentive programs also shared with the audience some information about the responsible gambling (RG) components of these programs. In Manitoba, their player loyalty program offers RG features such as gaming activity reports and limit setting tools, and the marketing department works to ensure communications are not sent to self-excluded players. A Loyalty Program Governance Committee also guides the program and its incentives, and all promotions must be approved by the marketing, corporate communications & social responsibility, and internal audit departments. For the loyalty program at Caesars Windsor in Ontario, marketing materials sent to players must include two standard disclaimers: one with the company's RG tagline and the provincial problem gambling helpline number; the other stating that self-excluded players cannot participate in any promotions or offers. Caesars Windsor also removes self-excluded players from marketing lists so that they no longer receive promotional materials. In Quebec, when players self-exclude from casinos, they are automatically removed from the promotional mailing list. Once players complete their self-exclusion term, a year must pass before they can request to be added back to the list. In addition, all marketing initiatives must be approved by the legal department.

The presentation, *Queensland Responsible Gambling Guidelines for Player Loyalty Programs*, provided an overview of the loyalty program guidelines currently in place in Queensland, Australia. As discussed earlier in this report, the guidelines were developed collectively by representatives from the gaming industry, the community and government. Examples of some of the guidelines include:

- When players register for a loyalty program, they must be provided with relevant information to make informed decisions about participating in the program;
- Reward point accrual and redemption systems must not focus solely on gambling activities where there are other activities to promote;
- RG messages must be incorporated into advertising and promotions, where appropriate and possible;
- Player loyalty programs must comply with the Exclusions Framework. For example, promotional materials should not be sent to excluded players, and the terms of the loyalty program should restrict excluded players from participating in any gambling-related components of the program;
- Player loyalty programs cannot offend prevailing community standards. Nor can they be directed at minors or at vulnerable or disadvantaged groups.

In addition to the above guidelines, gaming operators in Queensland have been educated on “acceptable” and “unacceptable” loyalty program practices. Examples of some acceptable practices would be allowing players to earn points for meal and drink purchases, and allowing points to be

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6 The committee includes representation from the following departments: Marketing, Finance, Gaming Operations, Communications & Social Responsibility, Entertainment & Hospitality, and e-gaming.
redeemed for non-gaming amenities such as restaurants, hotels, and shows. Examples of practices that are considered unacceptable are: allowing points to be earned through gambling only; allowing points to be redeemed for gambling only; and allowing marketing materials to depict unlikely winning scenarios.

CARD-BASED INITIATIVES

The session, *Emerging Approaches to Responsible Gambling Incentives*, consisted of two presentations that discussed card-based RG initiatives tied to incentives. The first presentation, *Nova Scotia’s Experience with Responsible Gaming Based Incentives*, described the mandatory card-play system of the Nova Scotia Provincial Lotteries and Casino Corporation, called *My-Play*. Used for their Video Lottery Terminals (VLTs), the system offers players self-monitoring tools such as the ability to set limits and access play history. Research on the system following implementation showed that uptake of the tools was minimal and many players reduced their play or stopped playing entirely, as evidenced by a 17% decline in revenue. While five dollar gift cards were offered to players as an incentive to use the system, this amount was apparently not enough to mitigate players’ hesitation in using the system. Player feedback indicated that players felt the system was tracking their play and that it was meant for individuals with gambling problems; they did not see value in the tools for themselves. Achieving retailer buy-in also proved to be difficult, as retailers viewed the system as the cause of the 17% revenue decline. While retailers were also offered incentives—a bi-annual payment for administering the system and $10 for every full enrollment at their site—the incentives were insufficient to secure buy-in. In September 2014, the government of Nova Scotia decided to terminate the My-Play program.

The second presentation in this session looked at the *PlaySmart* system currently being used on gaming machines in parts of Australia. It is a voluntary pre-commitment system available to users of the *J Card*, associated with the loyalty program offered at Jackpot Club venues. The system offers breaks in play and provides on-screen warnings when players reach their self-selected time and money limits. Also, when a limit is reached, it is communicated to all other participating venues (70 in South Australia and 4 in Queensland). Research conducted on the system found that among *J Card* holders who used their card in the last three months, 6% enacted the *PlaySmart* tools. However, the system used to require players to opt in or activate the tools. When this was changed to require players to opt out or deactivate the tools instead, there was a spike in usage. While players saw the ability to set expenditure limits as the main benefit of the *PlaySmart* system, they identified the following limitations: Many players were unaware of the full range of tools available; many players could not recall receiving reminder messages about their limits; and there was confusion due to the wide range of choices. Because the Jackpot Club does not offer comps, direct mailings, or tiers, it does not have the same level of uptake of loyalty programs in other jurisdictions. It is thought that this might have contributed to the relatively low uptake of *PlaySmart* tools.

Forum Participant Opinion about Player Incentive RG

Forum participants were asked throughout the event to give their opinions on a variety of topics via polling and discussion, though the discussions were mainly centered on RG initiatives for player incentives. The participants’ opinions on this topic are presented below.

LINKING LOYALTY CARDS TO RG FEATURES

During one of the participant polling and discussion sessions, when asked, “Should loyalty cards be linked to RG features (e.g., limit setting)?,” an overwhelming majority of participants answered “yes” or
“yes, with conditions.” Some conditions mentioned were that there should be appropriate rewards for using RG features; players should be advised upfront what their information is being used for; and players should be allowed to opt in to the features if they want to use them.

Participants were also asked, “Since gamblers have to ask for an incentive card, would it be a good thing to have an active prevention tool (e.g., a video explaining the risks) before they get their card?” Responses to this question were split fairly evenly, with just over half the respondents answering “yes,” and the remainder answering “no.” Those who answered no said it was because there were already many ways for players to be informed about RG. They also said that players just want to finish the transaction and it may be more effective if the risks were brought up at a different time.

Participants were also asked, “Since setting limits are the key features used by gamblers, would it be simpler to make these options available without having to own a card?” In response, two-thirds of participants answered, “yes.” During the following discussion, however, it was pointed out that without a card, the limit-setting options would only apply to one machine at a time and, as such, players would just go to another machine if they reached the limits set at their current machine. In response, some participants commented that having limit setting at one machine, while not ideal, is still better than nothing. Others questioned whether limit setting is in fact the most important tool for players—or if it is instead the ability to review one’s spend, which encourages budgeting and money management.

INCREASING USE OF RG FEATURES

When forum participants were asked for possible ways to increase player motivation to access and use any RG features that might be associated with loyalty cards, participants provided the following suggestions:

- Address the motivators and de-motivators for both players and retailers, as retailers can also be a barrier to the uptake of RG tools;
- Change the language from a negative “problem gambling” focus to a more positive “taking control” focus;
- Use the term “player tools” rather than “RG tools;”
- Create value for players so they want to use the tools;
- Provide an active prevention message after a win, because players will be more receptive when they are in a good mood; and
- Have a renewal system for loyalty program membership that includes a review of the player’s gaming history, which would give players an opportunity to evaluate their spend. A survey at the time of renewal asking players to guess how much they think they are spending and comparing that to their actual spend might also be helpful.

When asked how the industry can responsibly incentivize the use of RG tools, participants suggested:

- Give incentives for things that are not on the gaming floor;
- Normalize the use of RG tools; and
Look at what has been done for other high-risk products.

RESTRICTING INCENTIVES

In discussing whether restrictions should be placed on incentives for some players or in certain situations, the majority of participants said that restrictions should be imposed on players who were previously self-excluded. When asked whether restrictions should be placed on players who gaming staff suspect might have a gambling problem, there was a fairly even split among participants in their responses. There was also some debate as to whether staff can reliably identify such players. When participants were asked, “Should marketing/advertising exclude high-risk gamblers from some forms of promotion?,” approximately half of the participants answered “yes,” while the remainder gave mixed responses such as “no,” “needs more research,” “it depends,” and “don’t know.” When asked, “What would most likely lead to a change in casino marketing practices in your jurisdiction?,” just over one third of respondents said “legislated change to marketing regulations,” while the remainder said “public media pressure,” “research indicating that current practices harm some customers,” “marketing research that suggests a change in strategy,” and “casino RG guidelines.”

Because operators often say that they offer incentives to keep up with the competition—especially when one gaming venue is in close proximity to another—forum participants were asked whether operators that have a monopoly should offer loyalty programs. Some responses were that “monopolies don’t really exist”—both because of the availability of online gaming, and because the gaming industry is in competition with other entertainment options. Additionally, some participants said that having a loyalty program allows the operator to better understand its customer.

OTHER INITIATIVES THAT MIGHT HELP PLAYERS

When asked what other types of initiatives might help players, audience members suggested:

- Provide players with an account of their spending, something akin to a bank statement;

- Space out rebates so that they are monthly (rather than weekly). This would give players more time away from the venue between rebates and thus more time to consider whether they may have a problem with gambling; and

- Increase messaging on just how much spend is required to acquire a particular number of points/to move up to the next tier level, etc.

Responsible Gambling Best Practices

Near the end of the forum, participants were asked to list—with others at their table—what they thought might be some RG best practices for player incentives. Some of the suggestions given were already mentioned throughout the forum, while others were new:

- Have the loyalty program apply to all business channels (e.g., casino, lottery, VLTs, etc.);

- Make player cards mandatory;

- Offer non-gaming incentives both inside and outside the venue (e.g., food, beverage, merchandise);
• Be more clear about the true cost of earning incentives;
• Provide players with their play history and offer incentives for accessing it;
• Provide options for setting limits and reward players for sticking to them;
• Prohibit the redemption of points for cashback or free play;
• Offer some incentives that do not require players to go back to the gaming venue to redeem them;
• Offer rewards for using loyalty card RG tools;
• Do not call RG tools, "RG tools;"
• Use the loyalty program to deliver player education (e.g., helpline number);
• Link rewards to messaging about responsible play;
• Have players watch a video when they apply for a loyalty card that explains the risks associated with earning incentives;
• Allow players to opt in and out of communications, and allow them to determine how much contact they want from the venue;
• Require more demographic information when players apply for their loyalty card so that the data can be used to help identify high-risk players;
• Implement player identification algorithms. Identify high-risk players and do not offer them incentives;
• Conduct customer surveys on gambling behaviour;
• Develop an expert-reviewed framework to assess incentives and objectively determine if they pose a risk to vulnerable players.

Summary

In summary, the following key points emerged from the forum:

• Various factors may make incentives appealing to players, such as: they make the player feel important and recognized; they may appear to offset the cost of gambling (e.g., losses, travel costs); and the convenience of a host arranging the details of the trip to the venue.

• Research suggests that comps do have an effect on gambling behaviour, with possibly a more pronounced effect for players who display addictive behaviour.

• Participants felt that some incentives “cross the line” particularly: when they encourage players to over-extend themselves or stay past midnight; when hosts offer incentives to players they suspect may have a problem; when incentives target vulnerable players; when a player receives
incentives after choosing to opt out; and when the casino makes personal calls to offer incentives.

- Safeguards currently in place for loyalty programs include: offering play history reports and limit setting tools; ensuring marketing materials are not sent to self-excluded players; requiring RG and/or problem gambling help information (e.g., helpline number) to be on marketing materials; providing players with RG information at the time of loyalty program registration; and reward point accrual and redemption not being exclusive to gambling activities.

- When implementing a card-based initiative, operators need to demonstrate the value to players in utilizing the RG tools, tools should be introduced gradually to facilitate player understanding, and retailer buy-in is essential. Other features of card-based initiatives mentioned were: having limit-setting tools that apply to all participating venues; and not requiring players to opt in, but rather, having the option to opt out if they so choose.

- Participants agreed that limit setting tools should be made available. Suggestions as to what extent and with which conditions varied among participants.

- Some suggestions to increase utilization of RG features were: address retailer concerns; use more positive language; create value for the players; and implement a membership renewal system for loyalty programs that includes a review of the player’s play history.
While the details vary, player incentives operate in similar ways across jurisdictions and individual gaming venues. Rewards come in the form of cash, free play, accommodation, entertainment, free or discounted services, merchandise, food and beverage and travel. Though some incentives are available to all patrons, most rewards are exclusive to members of the venue’s loyalty program. For this reason, the best practices for player incentives identified in this report focus on loyalty programs.

While there is no direct evidence that incentives and loyalty programs create gambling problems, there is evidence that they can heighten problem gambling behaviours and that they have a strong appeal for some people who are at risk of, or have already developed, a gambling problem.

Concern about the appeal of incentives to people with gambling related problems has led some to call for the prohibition of loyalty programs. These observers argue that incentives, bonuses and loyalty rewards act as powerful drivers for vulnerable patrons by encouraging them to increase their gambling when they should be cutting back or stopping altogether.

Others point to the opportunities presented by loyalty programs to be used for non-marketing purposes, such as to communicate safety information to patrons, to track behaviours, to identify potential and emerging problems (“red flag” behaviours), and to initiate actions to mitigate potential problems. Because registering for a loyalty program gives the venue the ability to communicate with the player (e.g., by email or direct mail), and provides both players and venue staff access to the player’s analytics (e.g., play history including time and money spent), venues can provide better information to members than is available to players who are not members.

On balance, player loyalty programs—as long as they are not seen exclusively as a marketing tool—have some potential benefits from a player protection perspective. That assumes, however, that loyalty programs and other incentives actively build in the tools and analytics that enable increased player information and safeguards. Some opportunities identified in this project for building in these tools and analytics are presented below.

Promote Informed Decision Making

There are many opportunities to use player data to assist patrons in making informed decisions. These include:

- Beginning with the registration process itself, taking regular opportunities to provide players with information about the realistic chances of winning and losing, where to get help, and the benefits of limits setting. Also providing some of the many other safety messages associated with well-designed responsible gambling programs. Such information might be provided in any number of ways using the communication tools available to gaming providers. It would likely mean incorporating RG information in regular circulations, as well as creating some information distributions exclusively focused on RG topics.

- Providing players with accurate and easy-to-access information about the links between the amounts they spend and the rewards they earn.
• Informing players that greater rewards are related to greater spending and that it is risky to view rewards, reaching a higher tier, or receiving greater staff attention as a status symbol or a measure of greater self-worth.

• Providing loyalty program members with activity reports that let them know their play history over a period of time of their choosing, such as the past month or year. Make the receiving of reports the default option with the capability to choose frequency or turn off the activity.

• Providing normative feedback on their play history, using the entire database of loyalty members to calculate percentages and averages.

Ensuring Marketing Incorporates an RG Perspective

• Beyond the provision of good consumer information, there are also ways that loyalty programs and incentives can be managed in a way which reduces the risk of gambling problems. These include:

• Ensuring that any information contained in promotional communications and materials complies with existing RG guidelines for advertising and marketing, and does not imply that participating in loyalty programs or other incentives increases the player’s chances of winning.

• Permitting players to have only one card for the same loyalty program membership.

• Incorporating RG information in promotional communications and materials with adequate prominence relative to other messaging.

• Having an annual renewal for loyalty program membership that gives players an opportunity to review their past-year gambling activity with gaming venue staff.

• When players register for a loyalty program, requiring them to opt in explicitly to each form of marketing communication (e.g., mail, email, phone, texts) they wish to receive.

• Once they become loyalty members, allowing players to opt out easily of some, or all, forms of marketing communication at any time.

Optimizing RG in the Earning and Redemption of Rewards

• Allowing players to earn points and rewards not just for the time and money they spend gambling, but for participating in non-gambling activities as well, both inside and outside of the gaming venue.

• Encouraging players to set personal gambling limits on their loyalty card. If players reach one of the limits they have set, have a message tell them that they have reached a limit. If players still continue to gamble, don’t allow them to accrue any additional loyalty points.

• Rewarding players with (non-gambling) incentives for using the self-limiting tools.
• Allowing players to redeem their loyalty points for non-gambling rewards both inside and outside of the gaming venue (e.g., merchandise, food).

• Allowing players to participate in contests without having to be at the gaming venue when prizes are announced.

• Allowing a cooling off period after players have lost a large sum of money before offering any incentive to gamble further. Once they have left the premises, allow a reasonable amount of time to pass before offering players an incentive to return to the venue.

• Ensuring that alcohol is not used as an inducement or reward for gambling. [Note that in most Canadian provinces, complimentary alcohol service is prohibited.]

Supporting At-Risk Players and Self-Excluded People

Some players will gamble in a manner that exhibits “red flag” behaviours which suggest a potential problem and which trigger observations and responses from venue staff. These at-risk players warrant special attention from the perspective of rewards and incentives, as do self-excluded people.

Both groups would benefit from the following provisions:

**AT-RISK PLAYERS**

• Using loyalty card data, in combination with staff observations and other documentation, to identify red flag behaviours that may indicate a potential gambling problem.

• Putting a customer service protocol in place to identify when and how staff will take action when a loyalty member exceeds red flag thresholds for frequency of gambling, duration of sessions, average bet size, and cumulative losses.

• Having an escalating process in place to offer red-flagged players assistance, education, as well as the option of easily removing themselves from future incentives or marketing communications. (The same system would also be used for those players exhibiting red flag behaviours who are not loyalty club members.)

• Discontinuing rewards that, in order to be redeemed, require the player to be in the venue for extended periods of time—particularly if it means the player can access more cash (because, for instance, a new banking day has begun).

• Discontinuing discretionary rewards designed to promote longer stays.

**SELF-EXCLUDED PEOPLE**

• When players signs up for self-exclusion, immediately removing their name from all marketing contact lists.

• Paying out any unredeemed points and canceling the loyalty program membership immediately when a player self-excludes.
Once players’ self-exclusion period has ended, requiring reinstated players to reapply for loyalty club membership and to opt in explicitly to each form of marketing communication they want to receive from the venue.

In summary, there is great opportunity to use loyalty cards to promote informed decision making, as well as to reduce risk by ensuring marketing incorporates an RG perspective; optimizing RG in the earning and redemption of rewards; and having special exemptions and protocols for those identified as at-risk or who have self-excluded. Future developments in the use of loyalty cards to inform and assist those at risk will further inform best practices in the promotion of safer gambling and the prevention of problem gambling.
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