Is it gambling or a game?
Simulated gambling games

Summary
Simulated gambling games mimic the characteristics of gambling games but do not provide an opportunity to stake, win or lose real-world money.

People who play simulated gambling games are more likely to gamble commercially and report gambling problems.

The convergence of gambling and gaming alongside an increase in advertising has led to increased exposure to, and possible normalisation of, gambling.

It is the conclusion of this paper that strengthening and standardising classification of games, and adding advisory warnings, would provide more protections to users.

What are simulated gambling games?
Simulated gambling games imitate many of the core characteristics of gambling—such as the look, sound and actions—but do not provide an opportunity to win or lose real money.

The most popular forms of simulated gambling are poker, “pokies”, lotteries and casino-style games such as blackjack. However mini gambling games may also be included within a bigger non-gambling game. There are also games that, while they do not appear to have a gambling theme, can include elements that are commonly associated with gambling.1,2,3,4,5 (For a full discussion of the different game see “Types of simulated gambling games”, below.)

Simulated gambling can take place on many different platforms, from Facebook to smartphones and tablets, gaming consoles, websites and even interactive televisions.6

It is suggested that more “serious” or involved players prefer desktop or laptop computers. Desktops and laptops are where most of the revenue is generated.1 Nonetheless, the availability of simulated gambling on smartphones and tablets is concerning because it facilitates a deep integration of gambling or gambling-like activities into everyday life.2,7

Who plays?
It has been estimated that a third of Australian adults and just over a fifth of Australian adolescents play social gambling games each year.1

The average social gambling gamer has been described as being in their early 40s, with research suggesting that females may be as likely or more likely to play than males.3,8 Social gambling gamers are more likely than other gamers to speak a language other than English at home, and work or study full-time.1,9

Download the full publication at www.aifs.gov.au/agrc
There is still very little research into when people play, but initial findings suggest that most social gambling gamers play one or two sessions per day, while a minority play six or more sessions in a typical day, with sessions typically lasting for less than 30 minutes. Younger players and those with gambling problems tend to play more often than other players.

**Why do people play?**

Players’ motivations can be grouped as follows:

- for entertainment and as a way to socialise online;
- to relieve boredom;
- to escape from problems or negative emotions; and
- for the challenge or to practice for “real” gambling.

With the exception of practising, these motivations are very similar to motivations for gambling.

**What are the concerns with simulated gambling?**

The boundaries between simulated and commercial gambling are becoming increasingly blurred.

For example, there are now opportunities to play realistic games that look and feel exactly like gambling. Money can be used to enhance or extend the experience, which further blurs the boundaries between these two activities.

Anecdotal accounts reveal that commercial electronic gambling has also begun to incorporate features more traditionally associated with gaming, such as moving to new levels and increasing interactivity between player and game.

Furthermore, commercial gambling operators have commenced partnering, merging with and purchasing simulated gambling companies.

**Exposure of young people to gambling**

In today’s digital landscape, potential for exposure to gambling-like experiences far exceeds that experienced by previous generations. Previously exposure to gambling was primarily through traditional land-based venues, involving travel to a venue, complying with dress codes and producing age-related identification. The advent of electronic simulated gambling games means that people today are much more likely to have a realistic gambling-type experience at a young age.

This in turn may increase the degree to which gambling is seen as normal, acceptable, attractive and relatively harmless.

**Advertising**

Unlike legal commercial gambling, there is little (or no) regulatory control over the marketing strategies of companies that offer simulated gambling games. Facebook and Twitter are the major platforms used by the social gambling game industry to promote their products.

Advertisements that are linked to gambling or simulated gambling games are marked with a label that reads “Sponsored”.

While current research indicates that social gambling gamers rarely use user-posted social features, and that they do not perceive them to have an effect on their desire to gamble, some simulated gambling users report that their exposure to advertising of gambling and simulated gambling games through apps and social media is “saturated”, “prolific”, “relentless”, and “overwhelming”, and that it serves as a constant reminder that is difficult for users to avoid.

**Movement from simulated gambling to real gambling**

Multiple studies have shown that individuals who engage with simulated gambling games or practice games are more likely to gamble than those who do not. Preliminary evidence suggests that around 20% of adults and adolescents who play simulated gambling games move to online commercial gambling,
that 16% of adults and 25% of adolescents reported moving from commercial to simulated gambling. The primary motivator was money: people moved from games to commercial gambling in an attempt to win money, and people moved from gambling to games as a way to avoid spending money.¹

Increased risk of problem gambling

Multiple studies have shown that those who have played simulated gambling games in the past are more likely to have a problem with gambling than those who have not. It is not yet clear whether playing simulated games leads to risky commercial gambling or if risky gamblers simply like playing gambling games.

There are several reasons that engagement with simulated gambling may lead to an increased risk of problematic gambling.

Simulated gambling games serve to expose individuals to gambling-like experiences and teach them the “rules of the game”, which may facilitate transition to commercial forms of gambling.²⁴

The blurring of boundaries between simulated and commercial gambling may lead people to think that their skills at games will transfer to gambling. People who transition primarily as a way to win money through their skills gained in game play, or because it a challenge, are at risk of experiencing gambling problems if they play with an inflated belief in their ability to influence the outcome of the game.¹,²⁵,²⁶

In simulated gambling, players are protected from the negative consequences of losing but are rewarded for winning (i.e., with credits, music and so on). This may lead people to behave in a riskier manner when engaging with commercial gambling activities as they have experienced the pleasure of winning without the pain of “real” losses.²⁷,²⁸

Finally, playing simulated games may lead to the development of false beliefs or thought processes about gambling. One of the known risk factors for the development of gambling problems is the experience of a big win early in an individual’s gambling-related experience.⁶,²⁹,³⁰ Practice games in particular have been shown to provide inflated “payout rates” of pseudo money or credits compared with commercial gambling sites.²³ This may foster an inflated belief in the odds of winning, alongside false beliefs about the role of luck and chance in commercial gambling.⁶,²⁸,²⁹

Types of simulated gambling games

There are five types of simulated gambling games:

- practice games;
- gambling games;
- social gambling games;
- games with embedded gambling; and
- games with gambling characteristics.⁵,²,³,⁴,⁵

Practice games are often affiliated with a commercial gambling company. While practice games cannot be played for money, many provide clear links to “play for real” or “play for cash”.³¹,³²

Example practice game: 888.com (© 888.com Holdings)

A gambling game has gambling as a central theme. Like a practice game, money is not required, though money can be used to extend or enhance game play.³¹ Gambling games are available on many platforms, including mobile and tablet devices, game consoles, and computers. Currently no direct links exist between gambling games and commercial gambling opportunities.

Example gambling game: Panda Slots (© Topgame)

A social gambling game is a gambling game with some kind of link to a social media site, such
as Facebook. At the time of writing no direct links existed between social gambling games and commercial gambling opportunities, however commercial gambling companies have begun investing in social gambling games, which suggests the gambling industry sees value in linking games to gambling.

Example social gambling game: DoubleDown Casino
(© DoubleDown Interactive B.V.)

A game with embedded gambling does not have gambling as the central theme, but has a minor gambling game or activity inserted into the broader game. Progress in the wider game may be contingent on, for instance, winning a poker game. Money may or may not change hands to enhance or extend game play.

Example embedded gambling game: Poker in GTA San Andreas
(© Rockstar Games)

Example of game with gambling characteristics:
Candy Crush
(© King)

Games with gambling characteristics do not overtly include gambling, but do exhibit some gambling characteristics. For example providing small rewards or wins at planned intervals (known as a “reinforcement schedule”) in the same way that many gambling activities do. These games may also have the ability to use money to extend game play.

Pay to play?

While the majority of simulated gambling games are free to play, many operate under a “freemium” model. This means that the basic game is free, but players can choose to pay to access further content or features to enhance or extend game play. Players are generally not able to cash out their winnings for real money.

A study of simulated gambling game players showed that up to half had spent money while playing these games (50% of adults and 40% of adolescents), usually spending less than $20 in each sitting on buying more credits or time to continue playing.

Industry data suggest that the majority of players (up to 98%) do not spend any money on simulated gambling activities. Nevertheless it is important not to underestimate how much profit can be made from simulated gambling. The global social gaming market was valued at US$5.4 billion in 2012, and is projected to grow to US$17.4 billion by 2019.

Recommendations

More research into simulated gambling and the ways in which simulated gambling may increase gambling risk is needed.

Research into simulated gambling is in its infancy. Therefore the findings presented within this paper should be taken as preliminary, and these must be reinforced by further research. The current evidence primarily relates to social gambling games and practice games; further explorations into the other types of simulated gambling would broaden the knowledge base and allow meaningful comparisons between the different types of simulated gambling.

The evidence thus far, however, indicates that some individuals who play simulated gambling games are likely to move to commercial gambling and that a proportion of this group will be at risk of developing gambling problems.

Currently there is minimal regulation and inconsistent classification of simulated gambling games. Strengthening and standardising classification of
games and adding advisory warnings would provide more protections to users.

References