

Gambling: A Topic for Consumer Education

*Carole J. Makela, Colorado State University
Suzanne M. Tucker, Center for
Enriched Communications*

As a society, we have been much more concerned with enforcing age limits to prevent the sale of alcohol to teens than with allowing teen access to gambling (Berenson, 1995). Educators share information with teens about the risks of unprotected sex and substance abuse, but at the same time, pregnant teens in one city who attend prenatal classes are rewarded with lottery tickets (Holmstrom, 1992; Peterson & Engel, 1995). While giving minors lottery tickets might not be illegal, does this encourage them to gamble? Do area schools or school-sponsored activities (band, athletics) cooperate with the local bingo hall or sponsor casino-like activities for fund raising? Are teens able to gamble at area casinos?

Studies indicate that 85-90% of teens have gambled at least once before high school graduation (Griffiths, 1995). Estimates in Minnesota indicate that 4.1-6.3% of teens have had problems that can be traced to gambling (Ison, 1996). In numbers, this may be as many as 17,000-26,000 teens in this one state. Goodman (1995) called gambling the fastest growing teen addiction. Checklists highlight problem behaviors, and estimates from these indicate that adolescents who gamble are twice as likely as adults to exhibit pathological patterns (Lesieur, 1987; Lesieur & Klein, 1987). Also, adults who identify themselves as compulsive gamblers frequently say they started gambling before the age of 15, had parents who had gambling problems, and had serious family problems early in life (Volberg, 1994).

The purpose of this article is to explore gambling as a consumer education topic. The discussion gives the consumer educator background about the availability and growth of gambling. Then, two specific consumer issues—advertising and policy—are explored in terms of state lotteries with objectives and activities applicable to classroom study.

Availability

Just over 30 years ago, the most recognized legal gambling in the United States was in Nevada casinos. A few states had pari-mutuel

betting and small-scale charity gambling. In 1963, New Hampshire enacted a lottery (McConkey & Warren, 1987). Since then 37 other states have taken similar action, with the Illinois lottery beginning in 1974 (Illinois Lottery, 1996). Access to gambling increased most rapidly since 1988 when the U.S. Congress passed the Indian Gaming Regulatory Act. This expanded tribal gambling, now in 24 states, and fostered competitive commercial endeavors including riverboat and land-based casinos in ten states (Harden & Swardson, 1996). Potential for greater access and growth comes with an ever-increasing number of Internet sites (e.g., Virtual Vegas at <http://www.virtualvegas.com>) and as the viability of a cable television lottery channel is explored. These media opportunities challenge the laws of all states regarding what is legal gambling, where it can be done, and who can do it.

In many states, today's youth have not known a time when their state was not advertising and promoting lotteries, introducing new instant games, or telecasting the daily or weekly lotto picks. States, including Illinois and Indiana, have weekly prime-time game shows closely linked to the lottery and often in conjunction with major events (e.g., state fairs, Indianapolis 500).

Growth and Expansion

Gambling is big business. In the last 20 years, the amount people spent for lotteries, casino gambling, pari-mutuel betting, etc. increased dramatically. In 1974 the estimates for legal gambling were \$82 per capita and a total of \$17 billion in the United States (U.S. Bureau of the Census, 1977, p. 238). In 1996, the per capita amount was estimated at \$1,850, and the total wagered was \$482 billion (Shapiro, 1996). This compares to \$22.6 billion spent for books (U.S. Bureau of the Census, 1995) and \$375.3 billion for domestic and international travel (U.S. Bureau of the Census, 1995). Amounts bet in casinos exceeded amounts spent on lotteries until 1985. From 1986 until 1993, lottery spending was greater. Since 1994, with the addition of more casinos in more states, casino spending again exceeded that of lotteries.

In fiscal year 1995, Illinois lottery sales were \$1.63 billion (Illinois Lottery, 1996). On a household basis this is \$378 a year or about \$31.50 a month. Nationally, for all forms of gambling the amount is \$1,850 per capita. Using this national rate, each Illinois household would spend \$4,921 per year ($\$1,850/\text{person} \times 2.66 \text{ persons/household}$) or \$410 per month.

Another aspect of growth includes an increase in employment and job opportunities related to gambling—what proponents readily identify as economic development. Nearly one-half of the jobs in Nevada are related to gambling. In contrast, the estimate in New Jersey is 2.5% (Goodman, 1995, p. 19). Most other states would have a lower percentage because their gambling infrastructure does not yet match these two states. In contrast to this, a recent Wisconsin Department of Health and Human Services' study reported a 43% decline in Aid to Families with Dependent Children (AFDC) recipients in counties with casinos; some attribute this to jobs generated by the casinos (as cited in Saldivar, 1996). Overall, though, additional jobs must be counted in terms of the total labor force.

Increasing numbers of Gamblers Anonymous groups, bankruptcies, and crime are evidence of the growth in problem gambling. Minnesota estimated that 60% of pathological gamblers engage in crime to support their habit (Goodman, 1995). In ten years the number of Gamblers Anonymous groups in the state increased from 1 to 49 (Ison, 1996). Overall, estimates are that 3-6% of the population are or have the potential to be problem gamblers. And in some states, the more outlets for gambling, the higher the percentages of problem gamblers. Further, problem gamblers are not isolated individuals; they impact others at home, school, and work.

Consumer Education

Gambling is a consumer education topic because people are faced with easier access and increased choices regarding private and public spending on gambling. Consumer economic principles and learning objectives can be explored and illustrated just as with food shopping, insurance, or health care. Or, gambling can be a separate topic—examining the probabilities of losing and winning, public and private sector involvement, and consumer behaviors.

Advertising by state lotteries presents a unique opportunity for consumer educators. Because states, unlike private businesses, are exempt from consumer protection laws, there is little external control of advertising.

Objective: Evaluation and comparison of the content and approaches used to promote gambling.

Students can be guided to an understanding of the differing approaches used in print (including billboards), radio, and television messages. They can explore the appeals used such as emphasis on luck, target markets (e.g., nonpurchasers of tickets), beneficiaries (e.g., funding for education), or specific prizes. The regularity and timing of these messages are additional features students can examine (e.g., Illinois moved all of its television lottery advertising to prime time in 1995).

Examining the promotion of lotteries can help students to understand how people are motivated to spend money. Items to examine include (a) where tickets are sold, (b) how and where they are displayed, and (c) choice of how and what to play (on-line, subscription, instant winner [scratch] games). Additionally, news articles and features about lottery winners (ever read any about losers?), new games, and other techniques to increase the number of tickets bought and the amounts spent for tickets can be analyzed.

An effective way for students to analyze advertisements or other promotional materials is to use the 30-Second Spot Quiz (Rank, 1991). This asks five questions which are effective for analyzing single ads or for comparing many ads (print or electronic):

1. What **attention-getting** techniques are used?
 - Sensual: color, flashing lights, music
 - Emotional: messages like "Do it to win;" "Nothing to lose!"
 - Thoughtful: a question like "What if you win?"
2. What **confidence-building** techniques are used?
 - Recognition from experience: "Mary Wan won \$10 million in last month's jackpot"
 - Authority or friend figures: "Your neighbors play!"
 - Word/cues of trust: "Everyone wins!" "Sponsored by the State of Illinois!"

3. What **desire-stimulating** techniques are used?
 - To win: "This week's drawing of \$_____"; or to keep something: "Support education."
 - To get rid of: "underfunded schools"; or to avoid a bad situation: "no \$ for vacation this year."
 - Who is the target: "You can't win if you don't play." "Twelve big winning tickets sold here."
 - Claims emphasized: "Don't miss the fun; this winner purchased his first new pick-up."
 - Added value: "Look at the new park paid for with lottery dollars." "Homeowners pay less taxes."
4. Are there **urgency-stressing** techniques used?
 - "Next big drawing on Wednesday!"
 - "Never forget to purchase your lottery tickets; sign-up for the subscription plan."
5. What **response-seeking** techniques are used?
 - "Buy now; you may win!"
 - "Submit your losing tickets; your favorite charity may win!"

Because legislators, and in some cases voters, are regularly asked to alter policies about gambling, there may be bills, initiatives, or referendums for the class to study.

Objective: Identification and explanation of public policy issues concerning gambling and their impact on students, families, communities, and the state.

Students can focus on recent decisions or legislation currently being considered, develop arguments for and against the proposals, and explore who supports or works to defeat the proposals. The short- and long-term consequences of these changes for consumers and the state and local communities also can be explored. Annual reports, available from state offices, may give background about patterns of lottery ticket purchases. In states where lottery funds are used for K-12 education, students can inquire about local school board policies for how the dollars are used and how they benefit education.

Students can debate this issue—is a voluntary expenditure a tax when the state receives a large portion of the dollars? A general

pattern has been that low-income people spend a larger portion of their income on the lottery than do higher income players (Alwitt & Donley, 1996); thus, is it a fair tax?

Students can examine how lottery revenues for the state are used. Have voters allocated the money to specific programs or does the legislature decide how the money is used? Is spending used to replace taxes or in addition to tax dollars used for the same purpose? Are Illinois schools getting more funds now because of their lotteries, or have lottery dollars meant fewer local and state tax dollars available to schools?

On a broader perspective, new issues can be explored such as: home electronic gambling, development of a national lottery, or in-flight gambling. Should Congress pass legislation to regulate or prohibit Internet gambling? Would a national lottery (as other countries have, e.g., Germany and Spain) be a good source of revenue? Decisions about these will affect students in the future, whether or not they, themselves, choose to gamble.

Conclusions

Since the authors began exploring the topic of gambling, they have been encouraging consumer educators to explore, not ignore, the topic (Makela & Tucker, 1993). Gambling is still a growth industry that presents consumers, citizens, and communities with many choices and challenges. Will the choices be responsibly made and the challenges understood? The answer depends on the awareness and knowledge of individuals as consumers and citizens. This awareness and knowledge can be developed through consumer education.

References

- Alwitt, L. F. & Donley, T. D. (1996). *The low-income consumer: Adjusting the balance of exchange*. Thousand Oaks, CA: Sage.
- Berenson, A. (1996, September 3). Underage gambling up. *The Denver Post*, p. 1A, 27A.
- Goodman, R. (1995). *The luck business*. New York: The Free Press.
- Griffiths, M. (1995). *Adolescent gambling*. London: Routledge.
- Harden, B., & Swardson, A. (1996, March 11-17). Rolling the dice. *The Washington Post National Weekly Edition*, p. 6-9.

- Holmstrom, D. (1992, December 8). Teenage gambling addiction grows, gets little attention. *The Christian Science Monitor*, p. 1, 4.
- Illinois Lottery. (1996). *1995 annual report*. Springfield, IL: Author.
- Ison, C. (1996). Dead broke: Gambling's grim toll. *Star Tribune*.
<http://www.startribune.com/stonline/html/special/gamble/GAMB1.HTM>.
- Lesieur, H.R. (1987). The South Oaks gambling screen (SOGS). *American Journal of Psychiatry*, 144, 1184-1188.
- Lesieur, H. R., & Klein, R. (1987). Pathological gambling among high school students. *Addictive Behavior*, 12, 129-135.
- Makela, C.J. (1996). Risk perception, money and gambling: Perspectives and programs. In K.F. Folk (Ed.), *Consumer Interests Annual*, 331-332. Columbia, MO: ACCI.
- Makela, C. J., & Tucker, S. (1993). Gambling: A consumer issue? *Advancing the Consumer Interest*, 5(2), 17-22.
- McConkey, C. W., & Warren, W. E. (1987). Psychographic and demographic profiles of state lottery ticket purchasers. *The Journal of Consumer Affairs*, 21, 314-327.
- Peterson, C. & Engel, A. (1995, December 28). Gambling with our kids future. *The Wall Street Journal*, p. A6.
- Rank, H. (1991). *The Pitch* (2nd ed.). Park Forest, IL: Counter-Propaganda Press.
- Saldivar, L. K. (1996, June 30). Decline in AFDC recipients living near casinos vs. rest of state. *Milwaukee Journal Sentinel*, p. 1J.
- Shapiro, J. P. (1996, January 15). America's gambling fever. *U.S. News & World Report*, 53-60.
- U.S. Bureau of the Census. (1977). *Statistical abstract of the United States: 1977*, (98th ed.). Washington, DC: U.S. Government Printing Office.
- U.S. Bureau of the Census. (1995). *Statistical abstract of the United States: 1995*, (115th ed.). Washington, DC: U.S. Government Printing Office.
- Volberg, R.A. (1994). The prevalence and demographics of pathological gamblers. *American Journal of Public Health*, 84, 237-241.

Carole J. Makela is Professor, Design, Merchandising and Consumer Sciences, 152 Aylesworth SE, Colorado State University, Fort Collins, CO 80523-1575; (970) 491-5141; e-mail: makela@cahs.colostate.edu.

Suzanne M. Tucker is Executive Director, Center for Enriched Communications, Grand Junction, CO; (970) 243-9539; e-mail: csjcecbg@wic.net.

