

# Are casinos making the right bet when it comes to slots?

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With slot machines producing the bulk of profits in most of the world's casinos, gaming managers make it their business to keep slot players happy. So how do they prevent customers who are losing from walking

away?

A common strategy is to lower what's called the "house edge," which is the casino's advantage when looking at the long-term difference between how much was wagered versus how much was paid out. The idea is that if you play a [slot machine](#) with a 5% house advantage, for example, you can expect to play for twice as long as a game with a 10% house advantage, right?

Not so, according to a new study from UNLV professors Anthony Lucas and A.K Singh, who found that even when the house advantage was more than doubled, no statistical difference in the number of spins was observed for the individual gambler.

Using an approach that simulated 100 years of weekly play, the researchers analyzed the outcomes produced by reel slot machines with hidden yet different house edges, under identical wagering rules. The results showed a remarkably similar number of spins on the games, despite big differences in the house edge. Although it is the first study to use this specific approach, it is the seventh study in a series of studies by UNLV researchers confirming this general conclusion.

The bad news for casinos is that conventional thinking on how the house edge affects the slot player's experience is likely costing them money.

"If individual players don't see results from their play that allow them to detect differences in the house edge," said Lucas, "there is an opportunity for gaming operators to keep a greater portion of the wagers. Even subtle changes in the frequency of big jackpots can make important contributions to the overall slot revenue."

## **Changing entrenched casino practices**

So why are casinos leaving money on the table? Though the prospect of increasing casino revenue should spark interest from operators, game makers, regulators, and legislators alike, switching long-standing operating and marketing tactics is a hard sell in the casino business.

"Change is understandably difficult for all of us in this business when you're up against decades of firmly entrenched explanations of how slot machines work," said Lucas. "As a result, it's going to take some time for any new thinking on the subject to gain traction."

Lucas says [market forces](#) will ultimately jumpstart the process. With the global proliferation of casinos and a new generation of games hitting the market, savvy gamblers are becoming more interested in the nuances of their gaming experience, looking for a better return on their bets. Though change doesn't come easily, this trend may force some [casino](#) operators and game makers to revisit their understanding of how [game](#) mechanics affect the individual gambler's experience.

Lucas and Singh's article "The [house](#) edge and play time: Do industry heuristics fairly describe this relationship?" is published in the *UNLV Gaming Research & Review Journal*.

**More information:** Study: [digitalscholarship.unlv.edu/cgi-bin/thesis/thesis.cgi?id=1457&context=grrj](https://digitalscholarship.unlv.edu/cgi-bin/thesis/thesis.cgi?id=1457&context=grrj)

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