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| Mystery Shopper 2014 Project SummaryDecember 2014 |
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Foreword

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| A mystery shopper research exercise was undertaken in class 4 non-club venues and casinos from May through July in 2014, to determine practice relative to host responsibility and gambling harm minimisation requirements. This document details the background, purpose, methodology and limitations of the exercise.It is supported by information summaries of the class 4 information gathered, and of the information gathered at each of the casinos:* Mystery Shopper Information Summary – Class 4 venues
* Mystery Shopper Information Summary – SKYCITY Auckland
* Mystery Shopper Information Summary – SKYCITY HAMILTON
* Mystery Shopper Information Summary – Christchurch Casino
* Mystery Shopper Information Summary – Dunedin Casino
* Mystery Shopper Information Summary – SKYCITY Queenstown
* Mystery Shopper Information Summary – SKYCITY Wharf

These reports can be accessed at the following link:<http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Mystery-Shopper-campaign> |
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# Introduction

Preventing and minimising the harm associated with problem gambling is a key element of the regulatory framework for gambling. Much of the intervention in this area is focused on identifying individuals who are problem gamblers or at risk of becoming a problem gambler.

Accordingly casino and class 4 operators are required to develop and implement policies for identifying problem gamblers at their venues, as part of their host responsibility/harm minimisation practices (HPM). In the case of casinos, the Gambling Commission requires the development and implementation of a host responsibility policy as a condition of their casino operator’s licence.

Much of the content in host responsibility policies relies on the actions of individual staff members and their adherence to guidelines and training.

In the event that the actual actions of venue staff are less than the stated situation and/or the HPM requirements, there is higher risk of problem gambling occurring. Although current venue inspections address elements of HPM, there is no accurate method for measuring actual staff behaviour.

The Department initiated a research exercise to test host responsibility practice in casinos and class 4 venues in order to gain an accurate indication of actual practice in HPM, and to identify any areas of risk where further improvements need to be made. A range of options for such an exercise were considered, with a mystery shopping exercise being the preferred method.

The research exercise has provided a baseline of information around HPM and host responsibility practice, and has indicated areas the sector should focus on in order to improve practice. It will also help inform the Department’s wider strategy for minimising the harm caused by problem gambling. It may inform new initiatives in addition to existing policies and procedures.

This is seen as a research activity as opposed to an enforcement exercise. It is not the Department’s intention to issue penalties to any venue, class 4 society, or casino as a result of the information collected. However, the exercise will be used as a model for potential further mystery shopper exercises, at which time the Department may consider alternative measures based upon the results.

# Methodology

## Selection of third party provider

The Department contracted an external research company (the provider) to undertake the exercise. The provider was responsible for consulting on the research design and approach, providing personnel to undertake the visits, and providing the information recorded during the project.

### Rationale of this approach

The decision to engage an external provider for this work was based on a number of benefits including:

* Independent organisation assured high quality data and integrity of information.
* Expert research advice and support to ensure quality of project design and dependable results.
* Experienced personnel to undertake the field work.
* Effective management of ethical considerations and risks.
* Efficient use of internal resources.

### Procurement of external provider

Following some initial market research, the Department conducted a closed Request for Quotation (RFQ) process. Due to the need for confidentiality, it was not possible to hold an open RFQ for this exercise.

Respondents to the RFQ were evaluated according to the following criteria:

* Prior experience and evidence of comparable projects.
* Skills of key personnel.
* Existing risk management procedures.

## Research scenario design

### Class 4

102 class 4 non-club venues were included in the research, representing around 10% of the total number of non-club venues.

Club venues were not included due to membership requirements limiting access to mystery shoppers, and the assumption that the majority of patrons, if not all, in a club venue setting would be known to venue staff.

The exclusion of clubs does not mean that the Department is not interested in their harm minimisation practices and would not consider an exercise of a similar nature in clubs in future.

A random sample of non-club venues was generated according to venue locations in Northern, Central and Southern regions[[1]](#footnote-1), and venue size by number of gaming machines. Some venues in outlying or remote locations were substituted from the random sample and replaced with venues in more accessible areas with the same size and regional characteristics; reducing logistical costs and enabling a smaller group of mystery shoppers to be used.

#### Scenario

Each venue was visited once for around two hours. Shoppers were instructed to visit after 12pm and not later than 7pm where possible. Visits were not deliberately undertaken at characteristically busy times for hospitality, although some did occur at such times.

Each visit followed the following format:

* Shopper arrives at venue and starts gambling.
* Within the first hour, shopper requests a cash withdrawal over the counter.
* Towards the end of their visit, shopper requests a second cash withdrawal, enacting one of three pre-determined scripts (see below).
* Shopper displays general problem gambling indicator behaviour, for the duration of the visit (see General problem gambling indicators section, page 6).

The pre-determined scripts were as follows:

* Script A: “I’m meant to get home to the kids, but another few minutes won’t hurt”
* Script B: “I can’t really afford it but I think I’m getting close to a win…”
* Script C: “I need to go but I want to win some of my money back…”

Shoppers were advised to enact the script that was most realistic for their situation.

#### Information recorded

Shoppers observed and recorded information on the following:

* Staff monitoring of gambling areas.
* Interaction between staff and patrons.
* Staff response to the shopper’s behaviour and their scripted scenario.
* Other patrons displaying problem gambling indicator behaviour.
* Staff response to those behaviours from other patrons.
* Information about the physical access to gambling machines within the venue (e.g. where the machines are located within the venue).
* A range of contextual information about the venue, the visit, and any other general observations.

### Casinos

All casinos were visited during the research. The number of visits to each casino was based on the size of the casino, given that larger casinos have a higher number of patrons who may experience problem gambling.

The two scenarios that were undertaken at all casinos were chosen based on relevance to all casinos, the Department’s consideration that they represent significant risk, and to provide some comparison between all casinos. The other scenarios were allocated based on other areas of risk that the Department wished to test at each casino.

The visits coincided with the recent introduction of customer service ambassadors at SKYCITY Auckland, following the Department’s investigation of the Campbell Live incident[[2]](#footnote-2); in late January 2014. Visits were scheduled according to day-to-day casino staffing schedules.

#### Scenarios

All scenarios focused on behavioural indicators of potential problem gambling through un-carded gambling machine play in the public access areas of the casinos. Gaming machines are associated with the highest prevalence of problem gambling and the identification of behavioural indicators requires real time vigilance by staff.

Excluded from research:

* Carded play: technology allows carded gamblers to be tracked and monitored over their visitation frequency and spend (over long periods). Logistically carded play was more challenging to carry out, as it would require players to establish a significant play history.
* VIP areas of the casino: all play in those areas requires gamblers to be carded.
* Table games: complexity of testing multiple types of gambling within one exercise, and because direct contact with casino staff allows those gamblers to be monitored more easily.

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| Scenario | Description | Visit duration | Casinos |
| A “control” | Visit begins half an hour into the night time shift.Player plays for up to 10 hours, shows no general problem gambling indicators.Designed to mimic the Campbell Live test looking for intervention from the casino based purely on the number of hours the person has been playing. | 9-10 hours | ALL |
| A + indicators | Visit begins 5.5-6 hours before a shift change, and carries on into the evening.Player plays for up 10-12 hours, displays general problem gambling indicators from three hours onwards.Player questions staff about the machine and says it hasn’t paid out, just before the shift change over.Script: “This machine isn’t working – I’ve been playing for X hours and the machine hasn’t paid out the jackpot”Designed to test response to claim that the machine isn’t working, and explicit indication of length of play and indications of frustration. | 10-12 hours | Auckland only |
| B | Player arrives at casino and asks the customer service team for an anonymous card, and how to set up pre-commitment for their session. Player explains they only want to gamble $100 and play for no more than three hours.Once the amount has run out, they continue to gamble un-carded with cash. Display general problem gambling indicators from 3 hours onwards.Designed to test staff monitoring of patron who has explicitly stated gambling limits. | 5-6 hours | Auckland and Christchurch |
| C | Visit begins towards the beginning of a cashier’s shift.The player withdraws $80 cash from the cashier at the outset of the session, $60 after half an hour, $40 after 1 hour, $40 after 1.5 hours; attempts to withdraw $30 after 2 hours, card declines so they try to withdraw $20 which succeeds. Player to go to the same cashier for each withdrawal, where possible.Display general problem gambling indicators from 3 hours onwards.Designed to test cashier’s response to frequent withdrawals, and indication that patron has consciously gambled the last of their money.  | 5-6 hours | ALL |
| D | Visit begins towards the beginning of the security officer’s shift.The player goes to the ATM after 30 minutes, 1 hour, 1.5 hours, 2 hours, and for the remainder of the duration at 1 hour intervals.Display general problem gambling indicators from 3 hours onwards.Designed to test whether security guards are aware of patrons passing to and from the ATMs making frequent withdrawals.  | 5-6 hours | Auckland only |

#### Information recorded

* Staff monitoring of gambling floor.
* Interaction between staff and patrons.
* Staff response to the shopper’s behaviour and their scripted scenarios.
* Other patrons displaying problem gambling indicator behaviour.
* Staff response to those behaviours from other patrons.
* A range of contextual information about the venue, the visit, and any other general observations.

#### Other instructions

For all casino scenarios, shoppers were instructed to do the following:

* Play the same machine for the duration of the visit, or machines on the same row if another patron takes initial machine.
* Wear the same clothing throughout the visit. i.e. don’t add or remove layers, thus altering appearance.
* Display frequent general problem gambling indicators, not just when staff were present.

#### Other information collected by Department

Following the casino visits, the Department held follow-up conversations with shoppers, to gain more detail about specific examples in the information recorded, and discuss their general observations and impressions of the casinos.

The Department also collected the host responsibility daily logs from casinos for the dates of each visit, to determine whether the shopper’s behaviour had been noted.

### General problem gambling indicators

The following general problem gambling indicators, as described according to host responsibility policies, were included by shoppers in all class 4 and casino scenarios,

* Negative body language, such as head resting on hand.
* Expressions of frustration, such as sighing, talking to the machine.
* Rudeness or shortness with venue staff.
* Expressing frustration verbally when interacting with staff.

Shoppers were advised to display several of the above indicators at once if possible, but not so many or so often that it was obvious they were acting. It needed to be realistic and significant enough to attract some response or trigger some concern with venue staff.

The shoppers did not test strong indicators of problem gambling, such as asking to be excluded from a gaming venue. Testing general indicators would provide more information around the level of risk gamblers may face who do not display the more overt indicators of problem gambling.

## Selection of shoppers

Shoppers were selected by the provider and approved for participation in the project by the Department.

The provider used their internal rating system to select eligible participants, who were further screened for prior gambling problems[[3]](#footnote-3), alcohol dependency problems, and prior experience of gambling.

Shoppers who had had some experience playing gaming machines were preferred to ensure realistic behaviour. No shoppers were included if they stated prior gambling problems or alcohol dependency (further discussed in Management of risks section on page 11).

12 shoppers were selected to undertake the class 4 research. Five shoppers were selected to undertake the casino research. All shoppers involved in the casino research, with one exception, were involved in the class 4 research.

## Training of shoppers

Shoppers received comprehensive training prior to undertaking the exercise. Training was undertaken by Departmental staff and provider staff.

### Class 4

Three training sessions were held in Wellington, Christchurch and Auckland. Each session was a whole day.

The training focused on the following topics:

* The gambling sector, the Department’s regulatory role, the purpose of the project.
* Harm prevention and minimisation obligations.
* How gaming machines work and how to play them.
* Signs of problem gambling and how to identify them in yourself – this section was undertaken by problem gambling service providers.
* Indicators of problem gambling according to host responsibility policies – how to identify them from other patrons, and how to display them.
* Role play of scripted scenarios and improvising for unexpected situations.
* Full briefing of visit scenario.

### Casinos

One training session was held in Auckland for a half day. Prior to training progressing, each shopper was interviewed and screened face-to-face by a problem gambling service provider about their experiences with the class 4 research to ensure their continued participation was not placing them at undue risk of experiencing gambling related harm.

The training focused on the following topics:

* Information about casinos and broad differences to the class 4 sector.
* Indicators of problem gambling according to host responsibility policies – how to identify them from other patrons, and how to display them.
* Full briefing of visit scenarios.

The shopper who had not been involved in class 4 research was given a longer training session as they were taken through key sections from the class 4 training.

# Management of risks

The following section details potential risks that were identified as part of the mystery shopper research in class 4 venues and casinos, and the management strategies employed to mitigate those risks.

## Problem gambling

### Risk

Participants develop problem gambling tendencies as a result of exposure to the gambling environment during the course of the research.

### Mitigation

* Screening undertaken of all mystery shoppers to determine no prior gambling dependency problems.
* Clause in mystery shopper contract declaring no such past problem.
* Comprehensive training provided, including focus on how machines work, gambling odds, and signs of problem gambling.
* Game play restricted to set limits and rates.
* Introduced to problem gambling service providers; contact details and brochures provided.
* Second screening of casino shoppers by problem gambling service provider.
* Further assistance offered at request.

## Alcohol dependency

### Risk

Participants develop alcohol dependency problem, as a result of exposure to licensed venues.

Note: likely only to occur if participants have had prior problems with alcohol.

### Mitigations

* Screening undertaken of all mystery shoppers to determine no prior alcohol dependency or gambling problems.
* Clause in mystery shopper contract declaring no such past problem.

## Profiting from gambling activity

### Risk

Participants win money, or the jackpot, in the course of the venue visit (in casinos this amount could be much larger); and therefore either the shopper profits from the gambling activity or the Department profits from gambling activity.

OR

Class 4 venues and casinos benefit commercially from the funds gambled by mystery shoppers.

### Mitigations

* Gambling budgets set for each visit.
* Any winnings for class 4 visits to be re-gambled during visit if possible; any remaining credit declared by mystery shopper, returned to the Department and paid to the class 4 society under which the venue operates, to be included in next grant funding round[[4]](#footnote-4).
* Any winnings for casino visits to be re-gambled during the visit, with the exception of the original float, resulting in shopper ‘breaking even’; any remaining credit over and above original budgets or any non-monetary prizes declared by mystery shopper, returned to the Department and paid to the casino to be included in community trust funds[[5]](#footnote-5).

## Undisclosed profit from gambling activity

### Risk

Participants win money, or the jackpot, in the course of the venue visit, do not disclose winnings, and keep them for personal gain.

### Mitigations

* Shoppers advised in training that all gambling play is traceable on class 4 Electronic Monitoring System and casino monitoring systems.
* Clause in contract stating instant dismissal if this occurred.

# Limitations and caveats

This is the first time the Department[[6]](#footnote-6) has undertaken a mystery shop project of this nature, using the services of an external provider. As a result, and as to be expected with any project, there are some limitations and caveats that should be applied to the results.

#### Interpreting the information

The shoppers were provided with a number of questions to answer and a selection of answers to choose from. All questions also had the option of free text comments; however, in cases where the shopper has not recorded additional information[[7]](#footnote-7), the answer must be taken at face value.

In some cases this means an assumption must be made about the context of answers, and in all cases the Department has assumed the best case scenario for these answers, resulting in some cases of recorded interactions which may not have been genuine interventions from a harm minimisation perspective.

Example: ‘Friendly conversation’ is an option for shoppers to record what type of interaction staff initiated with shoppers or patrons. A friendly conversation may have involved a staff member attempting to assess a patron’s wellbeing, due to observed behaviour, but this cannot be ascertained unless the shopper has noted the content of the conversation. Shoppers were instructed to select ‘Friendly conversation’ if they believed there was no problem gambling concern as part of that dialogue with staff.

It should be noted for the casino context that there is a legal obligation for all observed behavioural indicators to be reported to supervisors and recorded, as per the Problem Gambling Identification Policy[[8]](#footnote-8), section three.

#### Subjectivity

A key issue in identifying problem gambling behaviour is that it is subjective and behaviour can be interpreted differently by different people. As such, some of the observations made by shoppers may have been interpreted differently by venue or casino staff.

The class 4 information provides statistical data that can reasonably be considered to represent the practice of the whole sector.

Due to the variations in scenarios and smaller number of visits for casinos, the information can only be considered in the context of that casino and scenario.

#### Shopper behaviour

The Department is unable to verify shoppers’ behaviour in every situation.

The Department reviewed the information recorded by shoppers and sought further clarification of areas of interest in follow-up phone calls.

In interpreting the data the Department has made the assumption that shoppers have followed all instructions given unless the shopper has stated otherwise, or some other recorded detail makes it clear that some detail or behaviour was omitted.

#### One-off visitations

For both the casino and class 4 sectors, the Department acknowledges that the shoppers were not repeat/known patrons that venue staff may find easier to approach after observing multiple playing sessions.

#### Class 4 cash withdrawals

For the class 4 exercise, the cash withdrawals were at the lower-end of the scale (asking for an additional $20 as opposed to a higher denomination). However, given this was accompanied by a scripted statement that indicated a potential problem gambling concern, and given it followed the displaying of other behavioural problem gambling indicators from the mystery shopper, the Department would still expect an intervention to have take place.

#### Recording of incidents

It is possible that class 4 venues may not have carried out an intervention with the shopper, but that they recorded their observations in their venue incident log (or a similar recording system). The Department will engage with gambling operators to determine whether this was the case.

The Department is also in discussions with the casinos to see whether there are any other records to show that the shoppers’ behaviours were observed.

1. The region of a venue should have no impact on how well it practices harm minimisation, however, the Department categorises them by area for administrative purposes. It was important for this reason that an accurate representation of each region was included in the sample. [↑](#footnote-ref-1)
2. Campbell Live conducted a ‘sting’ operation, which involved a 76-year-old man visiting the casino and gambling for approximately 10 hours without any intervention from casino staff. SKYCITY Auckland has since introduced customer service ambassadors, who have enhanced HPM obligations. [↑](#footnote-ref-2)
3. All shoppers completed a standard Brief Gambler Harm Screen, as used by problem gambling service providers. [↑](#footnote-ref-3)
4. Three occurrences of this, totalling approximately $900. [↑](#footnote-ref-4)
5. This did not eventuate. [↑](#footnote-ref-5)
6. “The Department” in this case refers to the Gambling Compliance Group. Other parts of the Department may utilise mystery shopper methods for various purposes. [↑](#footnote-ref-6)
7. Shoppers were advised to record additional information at their discretion. [↑](#footnote-ref-7)
8. This policy refers to SKYCITY casinos. Christchurch Casino and Dunedin Casino Host Responsibility Policies include sections resulting in the same requirement. [↑](#footnote-ref-8)