

The WAGER, Vol. 30(8) - Assessing the value of government-regulated poker

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[Gambling policy in the U.S.](#) is driven by a combination of federal, state, and municipal regulations. This patchwork approach allows for the spread of [relatively unregulated](#) gambling opportunities, particularly online. These unregulated online operators often present unique risks to consumers, such as deposit insecurity—as evident during ‘[Black Friday](#)’, the 2011 federal shutdown of major online poker sites. As the U.S. moves towards a safer and more regulated market, it is important to understand how such regulation influences the consumer experience. This week, The WAGER reviews a [study by Kahlil Philander and Bradley Wimmer](#) that explored how online poker players value government regulation.

What was the research question?

How much are online poker players willing to pay for government-regulated online poker?

What did the researchers do?

The researchers recruited 783 U.S. and Canadian online poker players (21 years and older) from poker-related websites and on social media. The participants completed a [discrete choice experiment](#) (DCE)¹. Each participant was presented with two hypothetical online poker sites that varied on five features (see Figure), and were asked to choose the operator they preferred. Participants completed this task eight times, with a different combination of opposing operator features each time. They also indicated their attitudes and beliefs towards government regulation. The researchers estimated the dollar value participants were [willing to pay](#) for government-regulated poker gambling and whether this differed based on a player’s preferred stake size.

What did they find?

On average, online poker players were willing to pay an additional \$1.83/hour to play on government-regulated sites, though this varied based on factors like a

player's preferred stake size. For example, at micro-stakes,² participants were willing to pay an average of \$0.88 compared to \$5.35 at middle-stakes. Furthermore, attitudes appear to be an important factor in a consumer's price point insofar as those who held negative attitudes towards government regulation were less willing to pay more for government regulation, and at times even willing to pay more to play on an *unregulated* site. For example, those who played at either micro-stakes or small-stakes and believed that government regulation would lead to increased taxation showed an aversion to sites that offer such regulation.

Feature	Description	Example option A	Example option B
Government regulation	Whether or not the operator is regulated by the government	Yes	No
Site security	Whether the operator has average or above average security	Average	Above average
Cost	How much it costs to gamble with the operator either per table or per hour of play	\$8.25 an hour or per table	\$11.50 an hour or per table
X-stakes players on site	Number of players with the operator who play at a specific stake level	2,500 players at small-stakes	4,000 players at small-stakes
Average voluntarily put in pot at X stakes	The percentage of hands in which a player voluntarily contributes money to the pot excluding large and small blinds	19%	28%

Figure. Displays the five features involved in the DCE. The left-most column lists the specific features and the middle-left column describes each feature. The columns on the right show examples of two hypothetical online poker sites with opposing features (Option A and Option B). During the experiment, participants selected the operator who appealed more to them based on their differing features. Click image to enlarge.

Why do these findings matter?

The findings from this study suggest that government-regulated poker sites are generally more appealing to online poker players compared to sites without such regulation, and so regulation might be important for the future health of the poker industry. However, it is also important to note that this study was conducted before [recent changes](#) to U.S. federal gambling regulations. For

example, bettors can no longer deduct all of their gambling losses from their taxes. With fears of taxation a primary detractor to the value of government regulation, it is unclear how this legislation might affect the perceived value of government regulated gambling going forward.

Every study has limitations. What are the limitations in this study?

This study focused on online poker players and thus may not be [generalizable](#) to the wider population of people who gamble. Notably, previous studies suggest that poker players may [differ from other gambling populations](#) on a number of factors. This study was also unable to acquire a [representative sample](#) (i.e., higher stakes bettors comprising an outsized proportion of the sample) that might have biased the results.

For more information:

Individuals who are concerned about their gambling may benefit from visiting the 1-800-GAMBLER [webpage](#). To learn more about responsible gambling more generally, visit the [Responsible Gambling Council](#). For additional resources, including gambling and self-help tools, visit our [Addiction Resources](#) page.

—John Slabczynski

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1. The researchers conducted two prior qualitative studies to inform the development of the final DCE.
 2. For micro-stakes games, the big blind can be as high as \$0.50. Small-stakes big blinds are between \$0.50 and \$2.00 and middle-stakes big blinds are between \$2.00 and \$10.00.
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