



# Casinos' worrying knack for consumer manipulation

By Tim Harford

*The spread of machine gambling offers a portent of other economic developments*



What if the future of capitalism is not to be found in Shenzhen, Abu Dhabi or the Massachusetts Institute of Technology Media Lab – but in the Nevada desert? [Natasha Dow Schüll](#), an anthropologist, has spent 15 years conducting field research in Las Vegas, culminating in a disturbing book, *Addiction by Design*. We are used to thinking of Vegas as a city of gaudy spectacle and the green baize of poker, blackjack and roulette tables. It is now a city of slot machines, which have grown like weeds because they are fantastically profitable. And the spread of machine gambling offers a worrisome portent of developments elsewhere in the economy.

Three slot-machine innovations stand out: first, confusion by design; second, addictiveness by design; third, the use of play money. All have been made possible by the digital automation of the machine itself, which in [Las Vegas](#) as elsewhere eliminates the skilled service jobs of croupiers and replaces them with

Consider, first, confusion by design: Las Vegas casinos are mazes, carefully crafted to draw players to the slot machines and to keep them there. Casino designers warn against the “yellow brick road” effect of having a clear route through the casino. (One side effect: it takes paramedics a long time to find gamblers in cardiac arrest; as Ms Schüll also documents, it can be tough to get the slot-machine players to assist, or even to make room for, the medical team.)

Most mazes in our economy are metaphorical: the confusion of multi-part tariffs for mobile phones, cable television or electricity. My phone company regularly contacts me to assure me that I am on the cheapest possible plan given my patterns of usage. No doubt this claim can be justified on some narrow technicality but it seems calculated to deceive. Every time I have put it to the test it has proved false.

I recently cancelled a contract with a different provider after some gizmo broke. The company first told me the whole thing was my problem, then at the last moment offered me hundreds of pounds to stay. When your phone company starts using the playbook of an emotionally abusive spouse, this is not a market in good working order.

Another example is the way the pension providers charge for their services. Between the pensioner and the financial assets they are acquiring, it is almost impossible to figure out who is being charged for what. Even when annual charges are transparent, few people begin to grasp the vast sums such charges may cost them over the life of the product.

Now consider addiction by design. What is not understood about modern slot machines – certainly not by the UK’s Labour party, which recently tried to spark a moral panic on the subject – is that they do not try to drain your money away quickly. They do so slowly, by maximising “time on device”. The machines are cheap to run: what is the hurry? Machine gamers do not even play to win: they play to play. The aim of the machine is to deliver constant reinforcement – for instance, the “false win”, where a player is treated to fanfares and flashing lights after betting \$3 and winning 60 cents.

Here, the natural analogy is with [Facebook](#), [Twitter](#) and [Google](#). These companies, ultimately, are selling one thing: our attention. Nothing about Facebook makes sense until you view it as a well-honed system for persuading you to check Facebook one more time.

Finally, consider the arrival of play money. A cutting-edge slot machine will not bother with a slot: the player will be attached umbilically via a casino charge-card on an elastic cord. This is partly a logistical matter: feeding machines with money, summoning a cashier to make change and cashing out jackpot wins all take time and interrupt a player’s flow.

But the substitution of cash for “credits” has a psychological effect too. Behavioural economists have shown that cash seems to have a bracing effect on our ethics and our judgment. Dan Ariely has found that we are willing to cheat for poker chips convertible into cash but less willing to be dishonest for naked cash itself. Drazen Prelec and Duncan Simester discovered a much higher willingness to pay for a good of uncertain value if the payment was made by credit card.

I would not wish to be too gloomy about all this. Most people do find a way to navigate through the maze of shopping malls and phone bills and loyalty cards and easy credit – the research of the economist Eugenio Miravete often shows people finding satisfactory deals against what look like insuperable odds. And the free market continues to deliver valuable products.

Nor is the right regulatory intervention always clear. Slot machines could be banned, I suppose – no doubt with unintended consequences – but the Vegas-isation of the everyday economy is not easily curbed with the stroke of a legislator's pen.

Yet it is hard for a free-market enthusiast like me to look unblinkingly at Las Vegas, at row upon row of machines, designed by an elite and needing little human intervention, drawing in consumers, soothing them, entertaining them and eating their money – and not to feel that the invisible hand has slipped.