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Gambling Behaviour in South Africa

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Abstract

Few matters are more subjected to a variety of opinions and perceptions than gambling. This is particularly true in South Africa where gambling, which was legalized in 1994, is often accused of having a negative impact on household welfare levels and retail sector activities. This article looks at South Africans' opinions on questions involving participation in gambling, gambling expenditure and views on gambling. A national survey among a sample of 2050 respondents reveals that gambling is popular and acceptable. The propensity to gamble is calculated at close to 2% and displacement is effected from a variety of items. These range from household necessities to savings. The volatility of the South African gambling market is expected to continue for a number of years, thus a follow-up study would allow detection of new trends in a more mature market.

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Introduction

Over the past two decades, the availability of gambling in a variety of forms has increased markedly worldwide. In the wake of this increase in availability and diversity of types of gambling, a growing awareness of the problems as well as benefits of gambling has emerged (Turner, 1999). The opening of a new casino or the launching of a lottery, for example, is likely to bring positive economic effects in the form of new investment, job creation and government revenue in the form of tax revenue generation, but it is also likely to have negative effects. (Christiansen, 1998; Collins & Barr, 2001; Evart, 1997; Ligthelm, 2001; Lynch, 2002; Miller & Schwartz, 1998). Examples of such negative impacts are an increase in compulsive gambling, an increase in crime and economic damage to other businesses.

Against this background, the question arises: how do South Africans perceive gambling activities and how have they positioned themselves within this newly and swiftly developing market? This article is aimed at gauging South African's opinions on questions involving their participation in gambling activities, as well as their views on the acceptability of gambling, economic benefits and entertainment value. A number of similar population based gambling studies have been conducted in other jurisdictions. However, the voluminous nature of these studies preclude their inclusion in an article such as this.

Methodology

A national survey was conducted among a sample of 2 050 respondents over the age of 18 years during April to June 2002. The sample comprised 1 000 households selected randomly for telephone interviews and 1 050 households without in-home Telkom (South African telecommunications company) telephones in 22 locations mainly among households living in informal settlements for personal interviews. The results were weighted in accordance with the structure of the South African population with regard to access to in-home Telkom telephones and the urban: rural distribution of the South African population. The urban population has greater access to physical gambling facilities than rural inhabitants. Agricultural communities located in rural areas characterised by a dispersed location pattern were excluded from the face-to-face interviews.

The discussion of this paper will largely be based on the findings of the 2002 National Gambling Board survey (Ligthelm & Mabaso, 2003; National Gambling Board, 2003a). The findings will also be verified by a similar survey that was conducted by the National Centre for the Study of Gambling (Collins & Barr, 2001).

Utmost care was taken to ensure the reliability of survey results. Reliability of survey findings is usually established through calculating the sample error that may result from applying survey

procedures as well as comparisons with secondary data sources.

Sample Error

Sample error arises because only a fraction of the population is interviewed. As the data collected in this survey is based on representative samples drawn by a probability method, the size of sample errors can be calculated. Despite the existence of statistical techniques for calculating the extent of sample errors, it is hardly practical to compute the sample error of every average calculated in the study. Sample errors are computed from the standard deviation of sampling means. The sample error provides an interval within which the sample mean may have deviated from the true population mean as a result of random sampling variations. This interval is termed the confidence region.

The following formula is used to calculate the sample error for proportionate data:

$$\sigma \bar{p} = \sqrt{\frac{p(100-p)}{n}}$$

where p = percentage of respondents who possess the characteristics of interest

n = number of observations

Some indication of the proportions assumed by sample errors can be gained by calculating the sample error of the percentage of the population buying lottery tickets. By applying the above formula, the sample error is calculated as 0.99% or 1.39% of the sample mean. It can therefore be stated that the percentage of the population who procure lottery tickets will not deviate more than 1.95% from the 71.3% resulting from the survey. The percentage buying lottery tickets will, therefore, not be less than 69.4% (i.e., 71.3% - 1.95%) or more than 73.3% (i.e., 71.3% + 1.95%) at a 95% confidence level. The above example serves as an indication of the confidence region for those who buy lottery tickets. The same calculation can be effected for other survey findings as well. The conclusion emanating from the above calculation is that the confidence level for the survey is extremely high at a 95% confidence level.

Results

The results are presented for South Africa as a whole. Gambling behaviour and attitudes by sociodemographic variable are highlighted to portray the profile of the South African population (18 years and older).

Participation in Gambling Activities

As shown in [Figure 1](#), the most popular gambling mode by far was the National Lottery (71.3%)

followed by the casino gambling (19.3%). Wagering on horses had been undertaken by 15.3% of the population, in the twelve months preceding the survey. The other modes of gambling were far less popular, with participation ranging from 0.6% of the population for on-line gambling to 7.2% for bingo. Only 27.5% indicated that they had not participated in gambling activities at all during the twelve months prior to the survey.

The respondents, who indicated that they had not participated in any gambling activities during the twelve months preceding the survey (27.5%), were asked to indicate the main reason for their nonparticipation. Reasons given were: do not gamble at all (9.0%); lack of money (8.2%); and against religious beliefs (6.0%). Only 0.8% of the respondents mentioned lack of access to gambling facilities as their main reason for abstaining from gambling.

Personal Views on Gambling

Figure 2 depicts the response to the question: 'What are your personal views on casino gambling?' Among those expressing an opinion, the majority (73.0%) believe casino gambling is acceptable. About one in every eight (12.2%) respondents believe casino gambling is not acceptable while the rest do not gamble but have no objections to gambling by others (14.8%). Although there may be differences in personal views on "heavier", the "moderate" and the non-gamblers, the lack of space precludes any detailed discussion on this issue in an article such as this.

The South African survey confirms that young people in their twenties and thirties are far more likely to see gambling as an acceptable activity than those over the age of 60. Employment status influences the personal views towards gambling to some extent. A substantially higher percentage of full and part-time workers as well as unemployed people expressed their acceptance of gambling. Just more than seven out of every ten employed/unemployed respondents indicated that they find gambling acceptable. This figure declined to less than 60% of retired workers and even to less than half among people involved in home duties on a full-time basis. It is interesting to note that there are no substantial differences of opinion on the acceptability of gambling between respondents with different levels of schooling. With regard to gender, females reported that gambling is slightly less acceptable to them than to males. Survey results reflect a negative correlation between personal acceptability of gambling and income level. The higher the income the less acceptable gambling becomes. Unacceptability of gambling increased from just less than one in every ten with an income of less than R500¹ per month to almost a third of those with an income of more than R10,000 per month ([National Gambling Board, 2003b](#)).

Views on Casino Gambling as an Important Leisure Activity

Participation in gambling activities can either be regarded as a leisure activity, a means of generating money, or a combination of both (see **Figure 3**). This is particularly true for casino gambling. Buying of lottery tickets, on the other hand, is exclusively aimed at winning. Many people in South Africa

have distorted views about the National Lottery, notably their perceptions of winning the National Lottery. Although the chances of winning are very slim (one in 14 million), three in every five participants (61.8%) reported their chances of winning as average to very good ([National Lotteries Board, 2003](#)).

Views on whether casino gambling is a leisure activity or not, differs substantially (see [Figure 3](#)). Slightly more than half (52.2%) the respondents agreed with the statement. At the other end of the scale, 23.8% disagreed with the statement. About a quarter of the population (24.0%), were undecided.

Buying of Lottery Tickets

Three in every five respondents (60.5%) buy lottery tickets twice a week. This is followed by a further 24.5% that buy lottery tickets once a week. The less frequent buyers are in the minority; 3.3% buy once every two weeks, 6.3% once a month and 5.4% less often.

Allocation of Winnings

When asked what they would spend their winnings on, the respondents gave a variety of responses, as shown in [Figure 4](#). The 41.6% "other" categories included, inter alia, the following: charity, paying of school fees, starting a business and donations to the church, old age home and school.

Percentages allocated to the above items are therefore not necessarily indicative of the relative amounts that winners would spend on the items as they were allowed multiple mentions. A respondent mentioning, for example, savings and purchase of necessities would not necessarily allocate equal amounts to the two mentioned items. The percentages merely refer to the number of respondents who would spend some (or all) of their winnings on a particular item.

Expenditure Displacement

When asked what they would have spent the money on had they not been gambling, respondents mentioned more than one item (see [Figure 5](#)). The responses should therefore be regarded merely as the frequency that respondents mentioned items without necessarily portraying the relative allocation of gambling money.

Expenditure on Gambling

[Figure 6](#) shows the distribution of monthly expenditure on gambling. The figure shows that 57.1% of all gamblers spent less than R50 per month while a further 30.5% spent between R51 and R150. This implies that almost nine out of every ten gamblers spent less than R150 per month on gambling. The figure also shows that 9.1% spent between R151 and R300 and only 3.4% spent more than R300 per month.

The following variations in expenditure are evident:

- No significant differentiation in gambling expenditure by age group is reported
- Full-time employees spend on average far more than the other employment categories including retired workers and part-time employees and the unemployed. Where only half (50.7%) of full time workers spend less than R50 per month, it represents close to two thirds of part time and retired workers. Approximately two in every five respondents in all categories ranging from those with no formal schooling to the tertiary qualified, spent less than R50 per month.
- Level of schooling does not effect gambling expenditure significantly
- Gambling expenditure is slightly higher among males than females. Expenditure per month of R50 or less increased from 53.2% in the case of males to 62.8% of females.
- Survey results suggest an increase in gambling expenditure with an increase in income up to the more affluent income categories, which show an expenditure level just above the poorest category.

Gambling expenditure per patron amounted to approximately R1 001 for the whole year (2002). It was further established that the participation rate in gambling amounted to 71.3%, implying that the average per capita expenditure for the population, 18 years and older as a whole amounted to approximately R725 (i.e., for gamblers and non-gamblers). Average expenditure is calculated to facilitate the calculation of propensity to gamble. However, it should be noted that while the majority of a population typically participates in gambling activities, the minority often contributed the largest percentage of gambling revenues.

Discussion

The findings of this study with regard to gambling participation show similarities with other studies, with a large percentage of the adult population saying they had participated in gambling activities within a period of twelve months prior to the survey (Abbott, 2002; Collins & Barr, 2000; Ligthelm, Wilsenach, & Mashigo, 2000; National Centre for Social Research, 2000; Welte, Barnes, Wiczorek, Tidwell, & Parker, 2002). More than half of those who had gambled saw casino gambling as a leisure activity. The frequency of visits to casinos was reported on a slightly higher level in the National Centre for the Study of Gambling (NCSG) study (28.9% slots) compared to the 2002 study (19.3% casinos). The 2002 sample included some households residing in rural areas while the NCSG excluded all rural households. Casinos are far less accessible in rural areas compared to urban areas while rural people may also be less inclined to embark on gambling activities. The NCSG survey may also include participation in illegal slot machines. Abstinence from any gambling activities in South Africa also correlates closely between the NGB 2002 study (27.5%) and the NCSG survey (25.6%) (Collins & Barr, 2001).

Legalized gambling is relatively new in South Africa. When asked if they thought gambling was

acceptable 73% said it was acceptable. These findings correlate with a similar question posed to the United States population in 2002 ([American Gaming Association, 2002](#); [Ligthelm, 2001](#)). It is, however, important to note that the South African question refers to the acceptability of gambling in general as opposed to the USA question requesting only acceptability of casino gambling. The percentage of those who expressed total acceptance is higher in South Africa (73.0%) than in the USA (51%). It is important to note that although gambling was only legalized in South Africa in 1994, "a propensity to gamble was latent in the society, effectively repressed by *government* [emphasis added] prohibitions, but not eradicated from the *South African* character, a subsurface, powerful force, waiting to be tapped" ([Christiansen, 1998](#)).

[Brenner, Lipeb, and Servet \(1996\)](#) attribute the high propensity to gamble in Sub-Saharan Africa to a change in popular culture. "Traditionally in order to cope with social and economic uncertainties, Africans relied on a system of kinship and communal life and a strong network of family and tribal ties". When there is migration from rural to urban areas the traditional ties become weakened and instead of reliance on family and traditional ways of dealing with emergencies people turn to individualistic solutions and gambling is one of these.

The South African gambling market portrays some volatility that is typical of a market that has not yet established itself fully. The lottery which now has a twice weekly draw was first introduced in South Africa in 2000. A comparison between the 2002 survey and the [NCSG](#) survey in 2001 shows a slightly higher purchase rate in the 2002 survey than the [NCSG](#) survey. The [NCSG](#) survey indicated that 67.6% play the lottery regularly (mostly once a week) compared with the 84.9% who play the lottery once or more frequently per week in the 2002 survey. Since the [NCSG](#) survey in 2001, the National Lottery has introduced mega prizes (a R20 million and even R30 million jackpot) as well as a Wednesday draw ([Collins & Barr, 2001](#)). This may have influenced the population to increase their frequency of buying lottery tickets. The sales of lottery tickets, for example, increased with 245.3% from January to December, 2001 (twelve months) to January to October 19, 2002 (nine and one-half months) ([Ligthelm & Mabaso, 2003](#); [National Gambling Board, 2003a](#)).

Questions on expenditure patterns often do not yield reliable information. Expenditure on socially less acceptable items such as cigarettes and tobacco was underreported by 88% and on alcoholic beverages by over 200% ([Martins, 2001](#)). A comparison of the 2002 survey data with household expenditure surveys conducted by the Bureau of Market Research (BMR) suggests some underreporting of gambling expenditure that may be in the region of 15 to 25% ([Martins, 2001](#); [Martins, 2002](#)). The relatively short existence of legal gambling in South Africa precludes any final judgment on the precise extent of underreporting on gambling expenditure during household income and expenditure surveys.

Households also tend to overstate expenditure if asked for expenditure on only one or two items, as

was the case in this survey. If household expenditure is recorded for a total budget and verified with household disposable income, much more accurate data are provided for the various expenditure items. This factor may therefore result in some over-reporting of gambling expenditure in the 2002 survey.

The degree of underreporting due to the social status of gambling is probably larger than the over-reporting resulting from enquiring on gambling expenditure as a single expenditure item. Some adjustments based on the above arguments resulted in a total gambling expenditure in South Africa of approximately R10.4 billion in 2002, resulting in a propensity to gamble of 1.9% of total household expenditure. Respondents tend to mention only one or two items from which displacement would have been effected. In reality, household budget allocations do not always function in this manner. Respondents may displace small amounts from a large number of items rather than redirect funds from only one item (say luxury goods or savings).

Conclusion

The main findings of the community survey regarding gambling behaviour of the South African population can be summarised as follows:

- Just more than a quarter of the population abstained from participating in any gambling activities during the twelve months preceding the survey.
- The National Lottery is by far the most popular gambling mode in South Africa. Just more than seven in every ten South Africans procured lottery tickets while only two in every ten visited casinos during the twelve months preceding the national survey.
- Those who did not participate in gambling activities advanced the following reasons (in order of importance) for their nonparticipation: do not gamble at all, lack of money and against religious beliefs. Less than 1% mentioned lack of access to gambling facilities as a reason for nonparticipation.
- The frequency of buying lottery tickets is fairly high. Three in every five participants procure lottery tickets twice a week
- Patrons of casinos, representing approximately one fifth of the South African population, portray the following visiting profile. Two in every three casino patrons visited a casino less often than once a month and one in every five visited casinos once a month, implying that 15% of casino patrons tend to visit casinos more often than monthly.
- Of those participating in horse betting, almost one third confirmed that they bet once a week or more. Just more than half bet less often than monthly.
- Winnings emanating from gambling activities were allocated to a wide variety of items including household necessities, savings, purchasing of luxury goods, payment of debt and other entertainment activities. (The above allocation of winnings is based on the response emanating from the survey. In practice, winnings may be spent on entirely different items).
- Gambling money is displaced from a variety of items ranging from household necessities to savings. This clearly points to some important negative economic effects of gambling. The danger is that personal savings

and consumer spending on other goods may suffer as individuals decide to gamble away discretionary income.

- Just fewer than nine in every ten respondents that participated in gambling spent less than R150 in the month preceding the survey. Almost three in every ten spent less than R50 per month.

The above findings confirm that the South African community holds quite divergent views on gambling related issues: from actively participating in gambling-related activities to totally abstaining from them; from finding gambling acceptable to wholly disapproving of gambling. These and other characteristics have been measured in the immature South African gambling market, showing some signs of volatility. The findings can therefore be regarded as important benchmarks to detect future trends and tendencies in community perceptions and conduct in the gambling market.

Note 1: At the time of the present study (mid-2002), the South African Rand to the United States Dollar exchange rate was SAR 10.5165 to US \$1.00.

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Figure 1. Participation in gambling by gambling mode during the twelve months preceding the survey

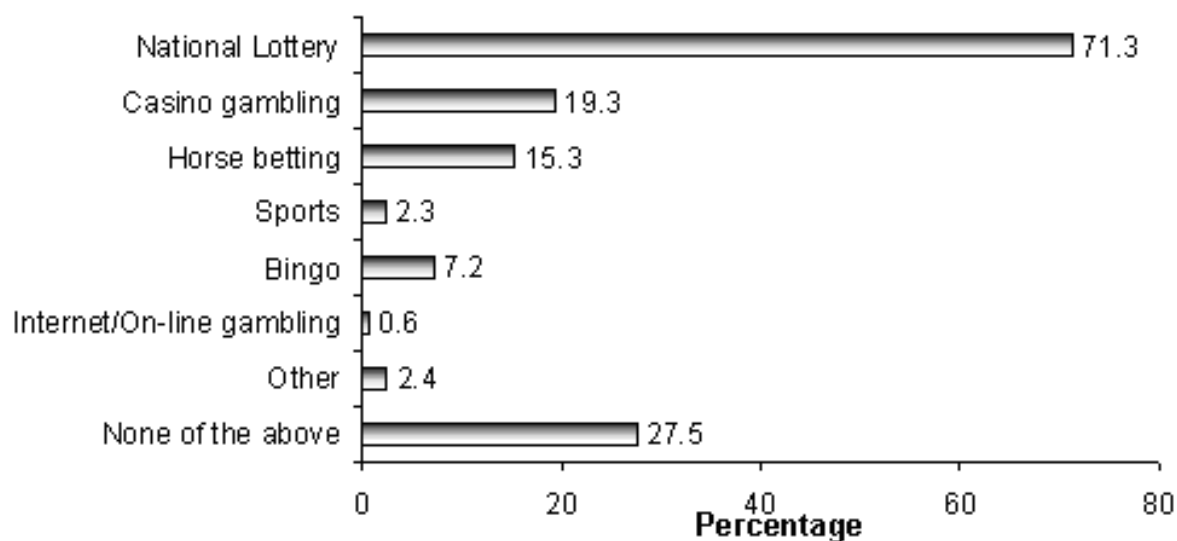


Figure 2. Responses to the question, "What are your personal views on casino gambling?"

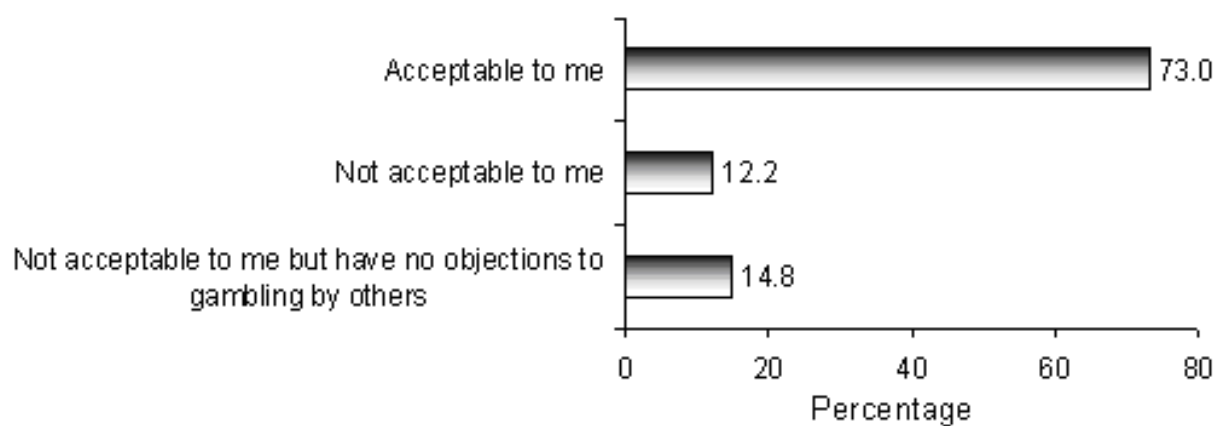


Figure 3. Agreement with the statement, "Casino gambling is an important leisure activity for South Africans"

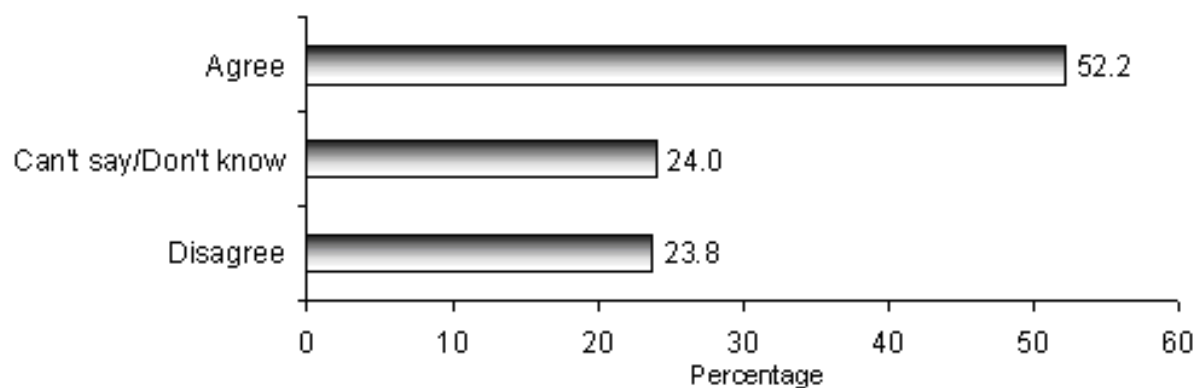


Figure 4. Responses to the question, "If you win any money from gambling today, on what would you spend it?"

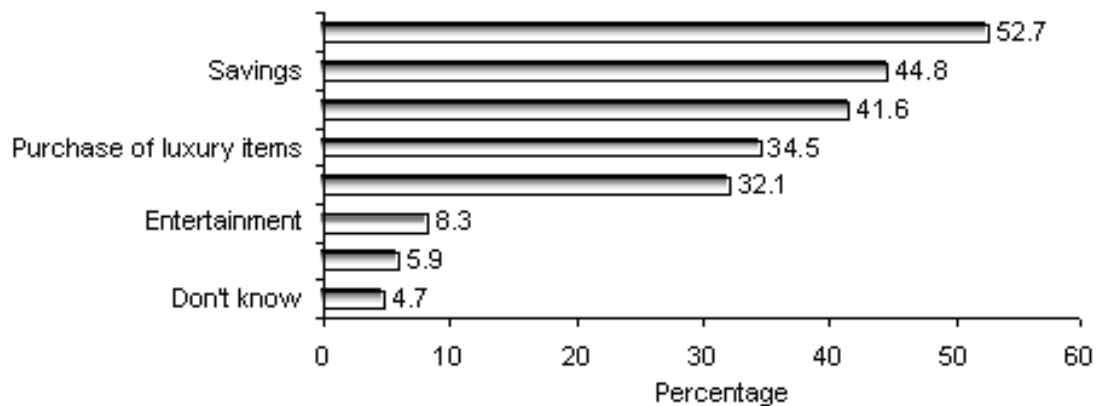


Figure 5. Responses to the question, "If you were not gambling, on what would you have spent the amount gambled instead?"

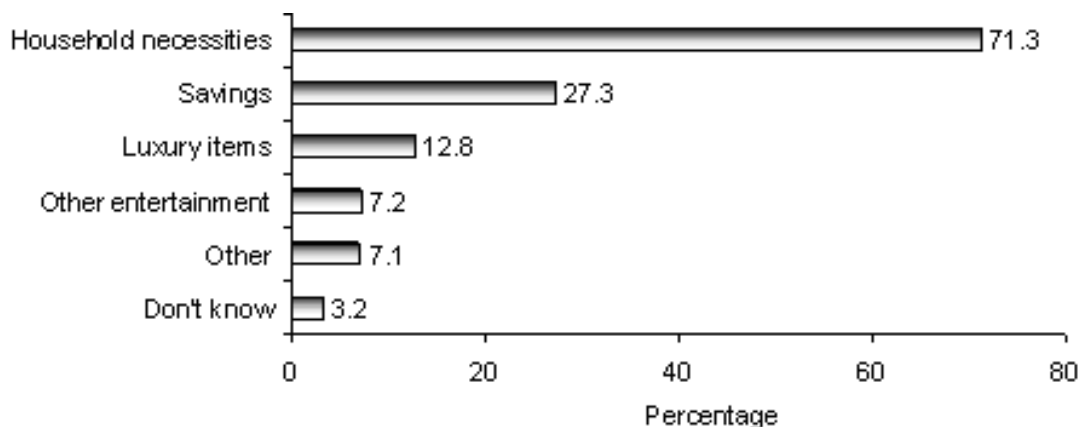
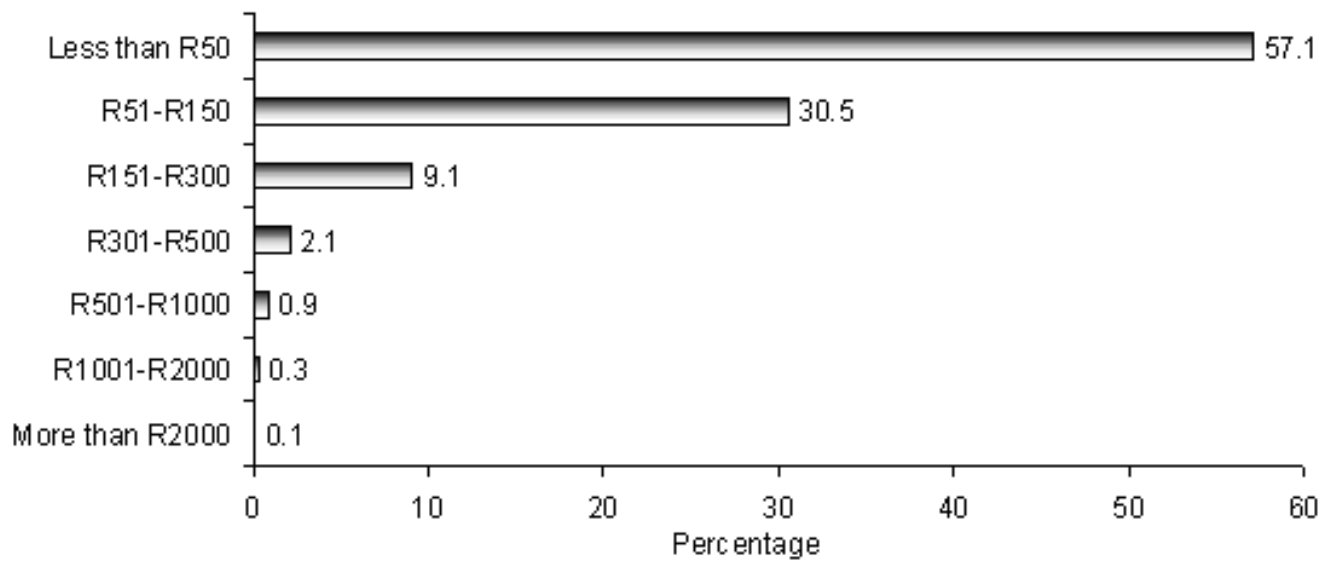


Figure 6. Responses to the question, "How much did you spend on legal gambling last month (all gambling modes)?"



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