

Portuguese Casino Revenues and Consumer Confidence: A Discussion about the Importance of Casino Revenues on Tourism Strategies

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Abstract

This study reflects on Portuguese casino revenues after 2014. Among all Europeans, the volume of bets made by the Portuguese—whether online betting, in physical casinos, or scratch cards—is significant. The Portuguese economy is also one of the most dependents on tourism flows, including those related to casino visitors. However, there has never been a study on the macroeconomic influence on Portuguese casino revenues. Our results, obtained through Autoregressive Distributed Lags modelling, showed that tourism revenues from the casino sector are not independent of the consumer confidence index. This means that traditional tourists and casino visitors, perceiving an improvement in their income conditions, tend to increase their spending in casinos. Conversely, when the same tourists perceive that their future real incomes may decrease significantly, they will tend to reduce their spending in casinos. However, our methodological choice allowed us to confirm that this relationship is inelastic in the short term but is observed mainly in the long term. Thus, a certain inelasticity of casino revenues is confirmed in short periods (generally less than 4 to 5 months). From that period onwards, casino revenues will tend to follow the direction of the signals coming from consumer confidence.

Keywords: tourism flows, gambling, time series, cointegration