

# CONSUMER BEHAVIOUR ANALYSIS IN THE SPORTS BETTING MARKET

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**Abstract:** *This paper aims to evaluate the sociological and economic implications that the sports betting industry has over the consumers financial resources and on the psyche of the consumers. The aim of the research is to gather information about the sports bettor's behaviour, motivations, expectations, his decision-making process, the factors that influence his choices, their perspective about skill and chance and the overall management of the betting activity.*

**Key words:** *consumers' behaviour analysis, marketing research, sports betting, motivations, expectations.*

## 1. Introduction

Sports betting entails a complex type of behaviour and a lot of research studies have looked at how a bet is placed and how it affects consumers. This behaviour includes, but is not limited to both the moments before and after the bet itself.

Before placing a bet, the bettor's choices are influenced by both internal factors, generated by the bettor's lifestyle, such as: motivation, appetite for adrenaline, risk aversion; as well as external factors, such as: social relations, television, the press, marketing campaigns of betting agencies. Betting agencies try as much as possible to influence these choices for the benefit of this industry.

## 2. The sports betting effects on consumer motivation

The sports betting market has a much more diverse and complex clientele compared to other financial markets that are much more homogeneous. Bettors can be dichotomized into several categories such as: those interested in a recreational experience who bet on trivial stakes and those who perceive themselves as professionals, betting on high stakes; experienced and completely novice; well informed, with objective decisions and poorly informed, with subjective decisions; online and offline; men and women; young and old; and so on.

In 2013, Alistair Bruce identified four main motivations for sport betting. The first

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motivation is financial gain, bettors who are motivated by financial reasons can dichotomize into those who want to earn income without too much effort and those who, in addition to their current income, try to add some bonuses at the risk of incurring losses. The second motivation is social interaction, as bettors who are motivated by this may feel the need to socialize with people who have common interests, in this case, they do not bet online and go directly to the agency to interact with other people. Another category of people that is motivated by social interaction may be that of individuals who have betting friends and feel the need to have more common topics to discuss about. The third motivation is the intellectual challenge, where people can feel the desire to be right or the need for assertion that can be tested by the correctness of predictions. The fourth motivation is enthusiasm, in this category, betting is seen as a hobby or as an entertainment activity.

### **2.1. Delimitation between chance and skills**

Most people believe that there is a great overlap between skill and luck, although in principle the distinction between the two seems clear. In skill-based situations, there is a causal relationship between behaviour and outcome. For this reason, success in skill-based tasks is controllable. On the other hand, luck is a happy event, and success in activities based on luck or probability is not controllable.

The "just world" hypothesis assumes a belief where actions and results have the same validity. More specifically, good things happen to those who do good deeds and bad things happen to those who do bad deeds. The belief that everyone gets what they deserve denies the existence of probability. It eliminates the need for concern and worry about the possibility of unpleasant events that may occur randomly, at any time.

### **2.2. Risk management**

Voluntary participation in a game of chance suggests a minimal appetite for risk, which is increased exponentially or logarithmically, depending on the preferences and choices of the gambler. In essence, individuals voluntarily commit to gambling, participating with their own financial resources, which will almost inevitably be lost in the process. For fixed odds bets, the size of the risk is generally reflected in the odds value, which is why most bettors use odds as the main indicator for their choices when betting. The relationship between odds, risk, and the possibility of gain can be explained mathematically. In the sports betting market, odds and risk are positively correlated, and both are negatively correlated to the possibility of winning. Moreover, a study (Bruce, 2013) shows that betting operators do not offer real odds to events, but offer odds that help them increase their profits because inexperienced bettors bet based on odds, and for them the odds represent the real chances of an event.

### 2.3. Result management

The management of the outcome result can stimulate the manifestation of some phenomena that have social-psychological implications on bettors. These implications can affect both the consumption behaviour inside or outside the origin market of the phenomenon, as well as the behaviour and perspectives in social relations.

People who participate in gambling tend to self-gratify themselves in case of a successful bet, but to attribute failures to external factors. This is because people are motivated to see themselves as solely responsible for their successes.

People approach situations using different strategies. If they are right, there is no information on the existing situation to tell them that their strategy was incorrect and they tend to believe that this was the only factor that led to their success. The motivation to see bets as controllable events is so strong that the existence of a single factor, such as financial gain, is enough to produce an illusion of control.

### 3. The Illusion of Control

The more similar a situation determined by chance to one determined by abilities, the greater the possibility of the appearance of an illusion of control, i.e. the perception of control over an event determined by chance. The illusion of control is defined as "expecting a probability to be greater than it really is."

Since Langer's (1975) publication, researchers have argued that the various types of information that bettors rely on when betting on a chance event only stimulate the illusion of control for bettors. For example, when someone throws a coin in the air, the chance of falling on either side is 50%. After a few tosses, if the coin has fallen several times on the same side, a person can expect the series of results to continue and can consider that the chances of falling on the same side are greater than 50%. On the other hand, a person who expects the series of identical results to be interrupted considers that the probability of falling on the same side is less than 50%. In both cases, an illusion of control is developed because a person may consider, based on previous results, that the current probability of falling on the same side is different from the real one, even if in reality the probability has not changed and is still 50% for each side of the coin.

Thus, the additional information does not help bettors in the decision-making process because the probability of the event is the same, regardless of the known information, for example, in a sports competition. However, in horse racing, betting on the favourite rider has a higher chance of winning than betting on the rider who is considered to have the most chances of winning. An example of a factor that could lead a person to consider that a certain competitor has a higher chance of winning than others is the odds. But this information does not represent the real probability of the event happening because bookmakers are aware of this tendency and they have the incentive to set biased odds of an event in order to enlarge their profits.

#### 4. The “Dunning-Kruger” Effect

Distinguishing the events determined by skills from those determined by probabilities should also involve the manifestation of distinct phenomena in each of the two situations. In this sense, the illusion of control is attributed to events determined by chance, and the Dunning-Kruger effect can be attributed to events determined by abilities. But while the manifestation of the illusion of control in probabilistic events is quite clear, the manifestation of the Dunning-Kruger effect comprises a more complex and interpretable structure, which may have direct or indirect implications for events in both categories.

Dunning-Kruger research shows that people who perform poorly in a task overestimate their own skills because they have little information on a particular subject and assume that the little information they have explains a considerable amount of information and how that task should be performed. This is because the skills needed to produce a correct answer are the same skills that determine the recognition of the correct answers and differentiate them from the wrong ones. Thus, if a person does not have the ability to identify a correct answer, he does not have the ability to produce a correct answer, nor can one appreciate their own answer as a wrong one.

On the other hand, people who perform well in a task underestimate their own skills because they have a much greater variety of information and are aware of the multitude of information they do not know, and they expect that finding new information to lead to choosing a different method of solving the task, which could lead to better results than the current ones. In this sense, both the awareness of the known information and that of the unknown information, makes difficult the decision-making process on how to solve the task because the known information determines people to be aware of the multitude of ways that a task can be solved and the time required to choose a method is directly proportional to the number of possible ways known.

In the case of probabilistic events, awareness of additional information about an event only stimulates the illusion of control that bettors have and causes them to perceive events governed by chance as controllable, but this fact does not actually help them to achieve better results than those who do not. They have that information because the same probabilities of an event happening are valid for both the well-informed and the poorly informed, and the outcome of the event, theoretically, cannot be affected by either party. But there may be exceptions, for example, a player who knows how to count the cards in a poker game, can find out the opponent's cards or the cards to be played. In this situation, the additional information may improve the results obtained, although this does not happen in an ethical way.

## 5. Marketing Research on the Sports Betting Market

The marketing research was carried out on a sample of one hundred and thirty respondents, of which thirteen responses were considered unrepresentative and were removed from the analysed database. The sampling method used is non-random because the research was carried out during the COVID-19 pandemic, when sporting events were cancelled and bookmakers were closed. The questionnaire was distributed on Facebook using the snowball method, being intended for bettors and their friends, and the respondents are only a small part of all those who had the opportunity to get in touch with the post on Facebook. The results cannot be extrapolated to the whole population of bettors.

The sample shows a gender distribution of ninety-five men, i.e. 80.5% of the sample, and twenty-two women, i.e. 18.6%, the missing 0.8 percent representing a respondent who did not answer the questions. The average age is 28,7 years and the last graduated school of the majority of the sample is high school with a percentage of 60,6 of the sample, while the second most frequent graduated school is college in proportion of 32,3% of the sample.

To stimulate respondents' level of attention and concentration, the questionnaire was developed to begin with an open-ended question that asks respondents what word they are thinking of when they hear the term "sports betting". The questions are simple and require a single word in response, but they require concentration because the respondent must choose a single word from the multitude of words with which he can correlate the term "sports betting". Moreover, the questions in the questionnaire are not mandatory in order not to make the respondents feel constrained and to offer unrepresentative answers.

### 5.1. Motivation of bettors

Alistair Bruce's research in 2013 highlights four main motivations that stimulate people to participate in this category of gambling. The primary and main motivation identified is financial gain. It is also considered to be the oldest of the four, because, in essence, gambling is a financial transaction. The other three motivations being: enthusiasm, social interaction, and intellectual challenge. Moreover, "Libertatea" published an article on June 10, 2019, which presents the evolution of the number of bookmakers from sixty-seven, in 2001, to 13,400, at the beginning of 2019. Romanian sociologists state that Romanians want to get rich in a very short time and without too much effort, and this could explain the considerable evolution of the number of bookmakers.

To test these hypotheses, a question was asked about the motivation that causes respondents to bet, with the answer options including the four types of motivations highlighted by Alistair Bruce, along with the possibility of adding another motivation among the options. Regarding this question, 68.9% of the respondents who answered this question, selected the "financial win", and 29.13% of them chose this option as the only motivation that determines them to play betting. Out of the total respondents,

49.5% participate in this category of gambling due to enthusiasm. Also, 27.2% of respondents consider this action an intellectual challenge, and 17.5% participate in this industry for social reasons. Comparing the previous percentages, we notice that the main motivation is, indeed, a financial one, representing two thirds of the respondents and having a difference of 19.4% compared to the second most selected answer. We cannot consider this questionnaire as representative for the whole country due to the number of respondents and the non-random sampling. However, the results obtained from this question confirm both Alistair Bruce's research and the statements of the three Romanian sociologists, published in by Libertatea.

In this regard, we can conclude that Romanian bettors, on average, do not have a developed sense of responsibility because they choose to invest in an activity that does not have a secure or stable source of income, instead of investing financial resources in activities that have a higher rate of return on investment, or invest time and effort in a long-term career. However, there is an exception to this category, as it is represented by people who bet for reasons other than financial. These people participate in this category of gambling for social experience. In this case, there are no significant differences from other entertainment activities, and their financial investment is returned through social experience and even if this activity involves costs for them, in the end they get exactly what they want, more or less.

## **5.2. Social and financial costs for consumers**

Gambling is not a secure or stable source of income, but participating in it generally involves certain costs, depending on the type of game. The two types of costs analysed in marketing research are: financial costs and time costs. Respondents were asked how often they bet, how much they bet, on average, per week and how much time they spend, on a daily basis, carrying out activities related to sports betting, including both the information process and the actual betting process. The time period of the analysed behaviours was adapted according to each characteristic measured in order to increase the accuracy with which respondents can identify their behaviour.

The results obtained from the research on time costs show an increasing asymmetry for the frequency with which respondents bet and a decreasing asymmetry for the time allocated to sports betting. The most selected frequency, with a percentage of 40.9 of the respondents, is also the lowest, i.e. "1-3 times a year". Also, as the frequency increases, the number of responses decreases, reaching the betting frequency once a day with a percentage of 8.2 of the respondents. Moreover, the frequency with which respondents bet is inversely correlated with the time spent by respondents in betting activities. In terms of time, 53.2% of the respondents who answered this question spend less than ten minutes a day, carrying out activities related to sports betting. Moreover, as time is placed in increasing intervals, the number of responses decreases, reaching the intervals of "3-5 hours" and "over 5 hours", each of them being selected, in turn, by two people each.

Results obtained from the analysis of financial costs have a right skew, directed towards the first two intervals which include the smallest amounts bet, on average,

within a week. Of the six intervals displayed, the first two intervals add up to represent the majority of the answers with a proportion of 66.1%, the first three reaching even 82.6%. More specifically, 82.6% of respondents bet, on average, per week, less than fifty lei, of which 66.1% bet less than twenty lei. On the other hand, only 2.8% bet amounts between one hundred and two hundred lei, while 7.3% chose the range of "51-100 lei" along with other 7.3% who bet over two hundred lei weekly.

### **5.3. External influences on consumer behaviour in the sports betting market**

Regardless of the market, people's consumption behaviour can be influenced both by factors that depend on consumption habits within the market and by factors that are not related to that market. Possible factors external to the market that could influence consumer behaviour in the sports betting market and which were analysed in this research are: the influence of the level of education of respondents and the influence of marital status of respondents.

The analysis of the influence of the level of education on the consumer behaviour in the sports betting market was performed by dichotomizing the sample into two subsamples, i.e. people with higher education and people without higher education. When testing this hypothesis, two significant differences were found in the investigated sample. The first difference is present in the sports on which the respondents bet. The most selected sport is football, with 92.5% of respondents. Although there are minor differences between the two subsamples, they are not significant. Regarding less popular sports, such as tennis, there are significant differences. In this case, respondents with higher education bet to a greater extent on lesser-known sports, compared to those without higher education. For this reason, we can conclude that, at the level of the analysed sample, there is a possibility that a higher level of education will offer a greater awareness of the existing areas and opportunities of betting, or just awareness of a greater number of entertainment possibilities. The other significant difference identified is when to place a bet. People without higher education bet to a greater extent in the periods of time close to the time of the event, compared to people with higher education. One of the reasons why people without higher education wait to the last minute to place a bet could be explained by Alistair Bruce's hypothesis that inexperienced bettors bet according to odds, because the odds may vary until the moment of the event is starting, and they regard the quota as the real possibility of the event happening.

One may also see that the level of education of respondents does not influence the motivation for which they play betting, the extent to which they expect to correctly predict the results of events and the extent to which they consider themselves as professional bettors. For this reason we can conclude that the level of education of the respondents does not influence the expectations on their own results or on the perception of their own abilities, which indicates that the Dunning-Kruger effect is not manifested in the analysed sample, but there is the possibility that at a more detailed analysis, the illusion of control is present.

The analysis of the influence of the marital status of the respondents on the consumption behaviour in the sports betting market was performed by dividing the sample into two subsamples, i.e. single respondents and the respondents who have a partner. The results of the analysis indicate that respondents' marital status has three significant influences on consumer behaviour in the sports betting market. The first significant difference is that respondents who are single bet to a greater extent due to enthusiasm, compared to non-single respondents. In this case, we can assume that those who have a partner, enjoy things that give them more enthusiasm compared to sports betting. Another significant difference is present in the case of football betting. Here, respondents who are single bet to a lesser extent on football compared to respondents who have a partner. However, in this case, it is possible that there is a mere coincidence caused by the unrepresentativeness of the sample investigated. The last significant difference regarding the influence of the marital state on consumer behaviour in the sports betting market is the one present in one's own expectations on the gain. In this case, respondents who have a partner have more pessimistic expectations about the possibility of earning compared to those who are alone.

#### **5.4. The illusion of control in the sports betting market**

The manifestation of the illusion of control, at the level of the sample, was analysed through the question: "Are you looking for sources of information or tips for sports betting?", where the compared subsamples are composed of those who gave an affirmative answer to the question and those who gave negative. The first significant difference identified is present in the respondents' motivation to bet. People who gave an affirmative answer to the question bet in order to obtain a financial gain to a much greater extent than those who gave a negative answer to the question. In this situation, we can assume that the respondents who are motivated by financial gains see this category of gambling as a sure source of gain and do everything possible to obtain these gains. However, as these events are governed by chance, the awareness of this additional information does not increase the possibility of winning and does not change the probabilities of the event, but only increases the illusion of control that bettors have. This may be seen more clearly in the results of the questions urging bettors to appreciate the extent to which their predictions are expected to be correct and the extent to which respondents consider themselves as professional bettors. Both cases show significant differences because respondents who follow sources of information or tips for sports betting are much more likely to believe that their predictions will come true and they consider themselves as professional bettors to a greater extent compared to those who do not follow sources of sports betting information or tips for sports betting.



## 6. Conclusion

The results of the marketing research indicate that most bettors participate in this market for financial gain. Descriptive analysis shows that this industry is constantly growing, and this is caused by the stakes lost by consumers who fail to correctly predict the final results. For this reason, we can conclude that the stakes are almost completely lost and only a small niche of total consumers manage to earn financially, but this niche is so insignificant that it does not affect the continuous development of the industry and companies' profits continue to grow. In this sense, consumers who bet in order to obtain a financial gain have more to lose. On the other hand, people who bet for reasons other than financial gain, have to gain from this industry, because for them, the purpose of this market is one of entertainment or social interaction, and their perception of this market is no different compared to a visit to an amusement park that requires the purchase of a ticket. Although, there are risks with social and psychological implications, there are a variety of areas of entertainment that offer people various experiences and each has its own positives and negatives, its own risks and benefits, and people are free to choose the field that offers them the greatest satisfaction or involving the most acceptable risks and implications.

Regarding external influences, there are a variety of external factors that have implications for consumer behaviour in any market. In the research, two external influences have been identified that affect consumer behaviour in the sports betting market. The differences are: the level of education of the respondents, which affects the physical behaviour and the decisions regarding the way of carrying out the activities; and respondents' marital status, which affects their perception of the market and their abilities, along with their perspectives on market motivation, expectations and results. The level of education affects both the variety of sports bet and the timing of the bet. We can conclude that a higher level of education offers more perspectives on betting opportunities and a greater awareness of the possibility of betting methods. Moreover, the marital status of the respondents affects the enthusiasm to which the bet is viewed and the expectations for its success. For this reason, we conclude that the non-single marital situation offers the perspective of the existence of several areas that offer enthusiasm and change expectations in a more pessimistic way. A hypothesis could be generated by the fact that respondents who have a partner, benefit from the fact that they can share their perspectives. In this sense, given the fact that the industry is constantly growing, we can appreciate the influence as a positive one, and pessimistic expectations can be considered realistic expectations.

## 7. Proposals

Although there would be slight declines in state budget revenues, public administrations should protect their citizens through awareness campaigns about the risks and psychological implications of gambling that consumers may suffer. This awareness campaign should present evidence that includes the evolution of the industry and the ways in which it can expand. Moreover, consumers who participate in this

industry in order to obtain financial gain, should be informed about the existing investment and multiplication possibilities of financial resources in order to be able to compare the different possibilities in terms of costs, effort, rates of return on investment and existing implications. In this sense, there is a possibility for consumers to choose markets with higher rates of return on investment, and financial resources would no longer be wasted on activities which are considered investments or at least people could have more realistic expectations about sports betting, maybe even about the whole gambling industry.

States should inform consumers about the nature of events governed by chance. In this sense, consumers can become aware of the phenomenon called "the illusion of control", and this gives them a better understanding of certain aspects of events that are subject to certain mathematical probabilities.

Consumers should try to inform more about their activities and passions, even if it's something that may seem trivial like a daily and cheap routine which could be considered harmless because it could prove that on a long term practice that routine is actually dangerous and could present serious issues in the near future. The sports betting and gambling industry represents only an example of such activities and the world is way vaster than that and for that reason, we could use this research as an example to at least try to think about the long term implications and not only about the action itself.

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