

# UNDERSTANDING THE BEHAVIOUR OF SPORTS BETTORS: ARE LOTTERY DEMAND MODELS REALLY APPLICABLE TO FOOTBALL POOLS?

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## Abstract

### Aim of the paper and research question

Apart from a few jurisdictions, legal sports betting in most European countries is currently limited to people gambling on the outcome of professional football matches through football pools. This pari-mutuel betting medium based on correctly forecasting the outcome in a number of football games has long occupied a uniquely prominent place in the European gambling market offering a potential single large jackpot when no other form of gambling did

Recently the European Union (EU) has been taking aggressive actions to eliminate state-run monopoly sports betting operations in EU countries in order to open up domestic football betting to more competition. This change opens up the possibility of legal internet football betting as well as widespread sports book making like what currently exists in the United Kingdom (UK) in all countries in the EU.

Within this framework, improved understanding of the behaviour of football bettors will help policy makers, lottery operators and football pools managers understand the likely consequences of changes in existing sports betting regulations and enhance understanding of the costs and benefits of existing sports betting regulations.

## Literature review

Previous studies dealing with the demand for football pools (Forrest, 1999; García and Rodríguez, 2007; García et al. 2008; Forrest and Pérez, 2010) are based on considering the football pools as being sufficiently similar to a lottery. Thus, the earlier empirical research on this field is based fundamentally on the application of demand for lottery models in order to capture the effects on football pools sales of ticket pricing, jackpot announcements or prize structure. However, football pools are not a lottery in the sense that the winning combination is not the outcome of a draw but is instead related to the final results of several football matches. Thus, unlike lotto games, where players just chose the numbers they play, in football pools bettors use historical information on the performance of both teams and players to make their forecasts (Pujol, 2009).

## Research design and data analysis

Using fixture-to-fixture data we estimate a demand equation for football pools in Spain in order to test if demand for lottery models are really applicable to football betting. In particular we are interested not only in evaluate whether pools sales are influenced - besides the conventional economic determinants - by game characteristics, such as the overall expected value, the prize structure and the composition of the list of games in the coupon, but also in test whether other relevant influences on demand for lotto are also applicable to the particular case of the demand for football pools. This allows us to develop new evidence about football bettors' behaviour.

## Results

According to preliminary results, the previous empirical evidence is reinforced. Lottery demand models seem fit well with football pools data. Exogenous events affecting players' strategy (lotto fever, lotto mania, prize fatigue, conscious selection, gambler's fallacy, halo effect, addiction ...) are also applicable to the particular case of the demand for football pools, suggesting new evidence about football bettors' behaviour. A naïve explanation of these results could be that the introduction of a rollover rule made the (football) pools more like lotto.

## Discussion and conclusion

Demand for lottery models are really applicable to football pools. Decision makers should take this key aspect into consideration when optimally managing sports betting.

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