Effects of inducements on sports gambling and decision-errors: An experimental study [1, 2]

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Introduction

Gambling companies often use special offers or "inducements" – such as free bets and moneyback guarantees – to attract and retain customers. Policymakers are increasingly concerned that such inducements may entice people to gamble more – and thus lose more – than they otherwise would and that vulnerable groups (e.g., those with problem gambling) may be at particular risk. Multiple European countries have begun to regulate inducements. To inform this regulatory debate, our aim was to provide evidence on how inducements influence gambling behaviour.

Data and methods

We ran an online experiment with 622 men under 40 who were interested in the Euro 2024 football championship. Participants were given money to place up to six realistic bets on Euro games. After the study, all unspent money and winnings were converted into raffle entries to win a €100 voucher.

At the beginning of the experiment, participants were sorted at random into one of two groups. In one group, some of the bets were linked with offers (free bets and moneyback guarantees). The other group saw equivalent bets with no offers. Since the groups were chosen randomly and the only difference between them was the presence of the offers, any differences in their choices were caused by the inducements.

The odds for most of the bets were set at the market rate at the time of the study, but some bets carried odds that were much less favourable. For these "bad bets",

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even if the bet came with an offer, participants would be better off choosing something else or not betting at all.

Results

The inducements made people more likely to bet and enticed them to bet more money. Before seeing any offers, both groups bet similar amounts on their first bet. But once the group presented with offers had received a first free bet, they proceeded to bet more than the other group on every subsequent bet and were less likely to opt not to bet. The effect was strongest for the bet that came with a moneyback offer. Overall, inducements caused bettors to spend over 10% more and almost halved the number of people opting not to bet.

The inducements affected those at risk of problem gambling more than others. Participants with higher scores on a standard measure of problem gambling bet even more after receiving offers, although this effect was somewhat weaker among those with the very highest scores on the problem gambling measure.

Without offers, less than 10% of participants chose bad bets. But when the inducements were presented, people were three times more likely to choose a bad bet and they spent three times more on them.

After the experiment, participants answered questions about their understanding of the inducements. Even though most of the participants were regular bettors, most did not realise that there were restrictions on free bets and many did not know that they would not receive their stake back if they won a free bet, both of which are standard practice in the market.

Conclusions

Our findings add to growing evidence that inducements lead more people to gamble and gamblers to spend more, increasing financial losses for consumers and raising profits for operators. We also find that inducements disproportionately affect those with evidence of problem gambling. We provide novel evidence that inducements push gamblers into making decision errors, opting for bad bets that heighten the risk of financial harm.

Our findings imply that inducements to gamble are not merely a tool for marketing, but pose a risk of financial harm, particularly among vulnerable groups. The findings support arguments for stricter regulation of promotional gambling offers.