

BETTING INDUSTRY: IMPACT AND MOTIVATION

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Abstract:

In the European space as well as in Romania, the sports betting industry is a regulated one and has a major impact, whether we are talking about an economic impact, or a social or psychological one. Our intention was to observe the impact that this industry has on sports and fans. The aim of this article was to present some of the results of a quantitative research based on a sample of subjects who frequent bookmakers. We wanted to observe their behavior as fans and see if we can identify a common profile of the Romanian bettor in his relations with society, family and sport or his favorite team and also to observe the economic impact of the sports betting industry on sport.

Keywords: Betting industry impact, Fans, Sports

JEL classification: M30, M31, M37.

1. Introduction

The sports betting industry is in full development in Romania from year to year. It is well known that lately, the number of bookmakers has increased considerably, with this increase and the economic impact is a major one according to the latest data, either we are talking about the fees paid by betting agencies or we are talking about jobs created or profit. At the social level, also, the behavior of the bettor is both an effect and an important factor, given that this is the central point on which both the income of bookmakers is based, but also the popularity, brand, and support of the sport [8]. In search of new sources of income, many sports clubs have entered into partnerships with various organizations, including bookmakers [1], even though there are rumors that this could affect the correctness of sports results.

However, it is also important to consider the impact of bookmakers on sports and bettors. Do they bring extra income to the teams they promote through betting? Is there a close link between the revenue collected by bookmakers and the growing popularity of a team/athlete when betting

more on a favorite odds? Are the amounts spent by bettors higher when they bet on their favorite team/athlete?

The present paper wants to focus on the relationships between these factors so that they can identify the behavior of the gambler in this context.

2. Literature review

Offering a much greater variety of bets than other games of chance, sports events have begun to be preferred by those who want to try their luck, or rather, think they can predict the results or the course of sporting events. Whether we are talking about betting from agencies or from the online environment, we can see an increase in the amounts of money collected by both betting agencies and bettors. This type of game, for many of those who bet, is a safer form from a mental point of view of winning because the offer involves more odds, more teams, athletes and sports, more types of bets and winnings that consist of bonuses or returning the stake depending on the result or the agency.

Sports betting is part of the gambling category, but at the societal level they are much more accepted than other types of games, even if they involve the same risk of a psychological dependence on the one hand, and on the other according to many players' opinions, it does not always offer a real chance to win, many of the matches being corrupted to the advantage of one's own winnings, not those of the player.

In Romania at present, there are several approximately nine thousand street bookmakers and more than 20 sites where you can bet on sporting events. If we discuss the economic sector, according to the latest statistical data, slot-machine gambling and fixed-odds betting produce an economic impact of 709 million euros on Romania's GDP contribution, approximately 38.500 jobs, and the most interesting 333 million euros in taxes and duties [10]. The pandemic and traffic restrictions associated with the lockdown period have led to a reorientation of bettors to online bookmakers. They provide better interaction and a system of relationships with consumers that promotes ease of access [2].

However, what effect do sports betting have on the bettor and teams or athletes? Is there a correlation between players' favorite bookmakers and sports teams or players?

Normalization and incorporation of sports betting into a daily activity through promotional marketing and structural changes in the activity that seem to facilitate risky patterns of gambling behavior, which emphasizes the need to understand in detail the mechanisms of behavior caused by sports betting [7].

It is obvious that it is necessary to start developing interventions to help moderate and mediate the negative consequences that may arise from an excessive and pathological commitment to this form of play, but nevertheless, players reported that occasionally participated in gambling more than they intended (increased consumption) in response to free betting and deposit offers. A proportion of those who want to deal with this addiction reported an increase in gambling, especially associated with the bonus offers that required deposits and low-stakes gambling before they could collect winnings [3]. Bookmakers must take social responsibility not to encourage bettors to take too many risks or run addiction reduction programs [4].

There is also a link between consumer behavior, more precisely the gambler and sports, whether we are talking about greater attention to the evolution and trajectory of an athlete or sports teams, or more earnings from all that means subscriptions of matches, fandom objects, or percentages of advertisements for products sponsored by this industry.

Currently, two opposing arguments are made to describe the effects of advertising and promotions on gambling consumption: that advertising increases the demand and overall consumption of gambling or that advertising affects the distribution of market share, but not consumption. However, to date, there is a small amount of research describing the differential effects of gambling advertising on demand, consumption, and overall market share [11].

It remains unclear whether advertising and the promotion of gambling increase the demand and consumption of gambling or only affect the distribution of market share without increasing total consumption.

2.1. Research methodology

Given the nature of the research, this study was based on a survey, starting from the consideration that this method is the most appropriate to gain a better understanding of this field and to acquire knowledge that is currently not so well grounded in specialized literature of the sports field. Due to insufficient data in this field, our paper wants to be a starting point and a prelude to future research that can be based on the existing study.

As research methods in this paper, we used the bibliographic study, where we focus on the analysis of the literature and the statistical-mathematical method in the data processing.

This study analyzed the respondents' point of view on sports betting, more precisely, if they prefer to bet and offer in this form the vote of confidence for the favorite team or athlete and to verify the existence of a relationship between sports-bookmakers-bettors. The survey was conducted between October 16-20 on a sample of 260 people completing an online questionnaire. The questionnaire contained 19 questions that initially aimed at creating a profile of the respondents, followed by various issues related to the topic under discussion. The structure of the sample is presented in table no. 1.

Table 1. Demographic structure of the sample

Variable	Classification of the variable	Frequency	Percentage
Gender	Woman	54	79,2 %
	Men	206	20,8 %
Age	18 - 20 years	28	10,8 %
	20 - 35 years	165	63,5 %
	35 - 50 years	57	21,9 %
	over 50 years	10	3,8 %
Studies	High school level	35	13,5 %
	Post-secondary level	34	13,1 %
	University studies	191	73 %
Occupation	Domeniu public	103	39,6 %
	Domeniu privat	107	41,2 %
	Nu lucrează	50	19,2 %
Environment	Urban	236	90,8 %
	Rural	24	9,2 %
Income	< 1500 lei net	42	16,2 %
	1500 - 3000 lei net	132	50,8 %

Variable	Classification of the variable	Frequency	Percentage
	3000 - 4500 lei net	53	20,4 %
	> 5000 lei net	33	12,7 %

Source: Authors' research

2.2. Results and discussions:

Starting from the idea that we want to establish a general profile of the bettor, we set out to discuss several aspects that link sport to sports betting, sportive betting of teams and athletes, economic aspects, etc. The tendencies of people who bet generally differ from person to person, however, a common denominator can be found in how they bet. Besides, sports betting is part of our lives and does not go unnoticed, whether we are talking about the ads we see on TV or the internet, or we are talking about athletes who advertise bookmakers or contracts or we go on the street and observe agencies.

We often hear that bettors would not bet on teams to which they are somehow emotionally attached. If they depend on the team's results, they may not be objective and, if they are not objective, they may make the wrong decision - or at least this is usually justified by this statement but for them the winnings behind the bet or actual ticket matter. The victory of the team and the support and trust it offers in this form? Of course, in addition to this aspect, it is important to see the reason why they bet, is it just about increasing revenues or more? It seems that the more you know about teams or athletes, the better your chances of success. If the intention is to bet on the team they support, the likelihood that bettors will know more about it than the vast majority of bettors becomes an important advantage.

The largest number of respondents bets on the favorite team to the detriment of the one with a real chance of winning, this is the hypothesis we set out to check first if the bettors prefer to make it on the favorite teams or whose evolution I follow to the detriment of the one with an attractive share. Following the research, it seems that this hypothesis is correct, starting from the reasoning that it is more likely to be able to predict the outcome of an event where we know the evolution of the participants, or they are the favorite team or athlete.

- I bet the teams / athletes I'm watching
- I bet on teams / athletes who have attractive odds

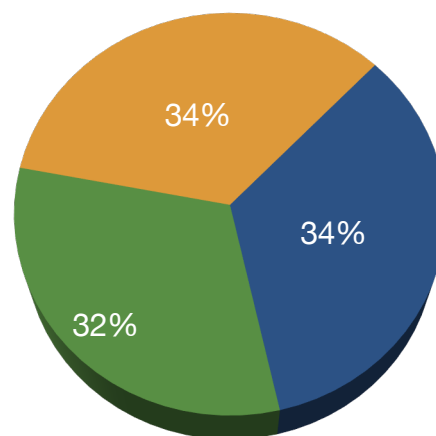


Figure 1. Bettors' preferences

Source: Authors' research

Given that most respondents said they prefer to bet on their favorite team, there are a fairly close percentage of bettors who prefer to make tickets with teams with attractive odds or whose evolution they have followed.

For this reason, we set out to analyze whether the bettors follow the events on the tickets.

Watching sports is one of the most popular pastimes for most men in the world. However, not only men, but more and more women today enjoy watching sporting events. However, is there any way I can make this time spent watching sporting events even more fun and interesting? Many say it is possible through sports betting. Placing a bet on your favorite team or a team you are watching makes watching the match even more interesting, as the stakes increase. It includes both an emotional and a financial aspect of watching a sport.

At this point, following the answers, it can be seen in the figure below, a very close approach in terms of the regularity and frequency with which bettors watch sporting events. To a large extent, it seems that they follow them, either entirely or to a large or small extent, and this can be explained by the need to conform to the affiliation.

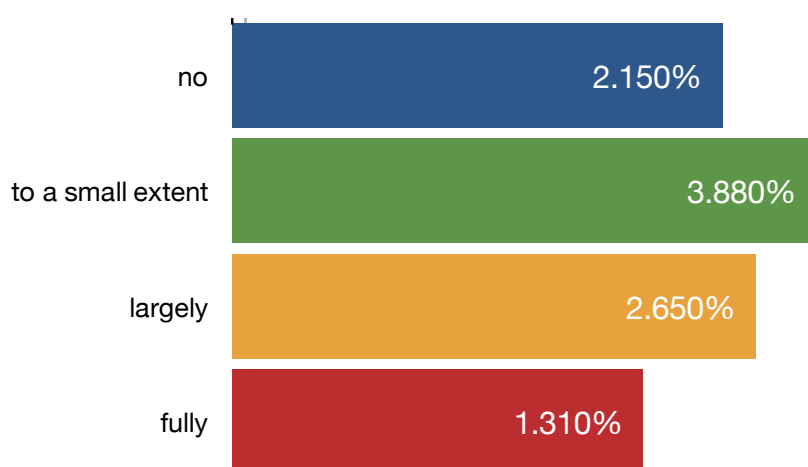


Figure 2. Regularity and frequency of watching sports events

Source: Authors' research

Very few people actually make money from sports betting. This is partly because it's so hard to be profitable, but also because most bettors don't even try. Or at least don't try hard enough. Most bettors are what we call recreational bettors, and the chance to win money is not what motivates them. They fully accept that they will lose money in the long run, and this does not bother them at all. They are happy as long as they have fun. They consider sports betting as a form of entertainment like any other, and their losses are simply the cost of this entertainment.

Some people choose to bet on sports because they are challenged to make accurate predictions. They like to test their sports skills and see if they are as good as I think. Like those who bet on fun, they are not really motivated by money. Obviously, he appreciates the money he earns from successful bets, but he appreciates even more the feeling of satisfaction.

The third hypothesis we wanted to check is whether when the player's favorite team is playing, he tends to bet larger amounts. The results and answers can be consulted in the following figure. It seems that the idea that people tend to put more money on their favorite team is not valid, but this can be explained due to the reasons behind participating in this type of game, even if many of them responded as they bet to follow their favorite team, the percentage is extremely close to that of those who bet to increase their income.

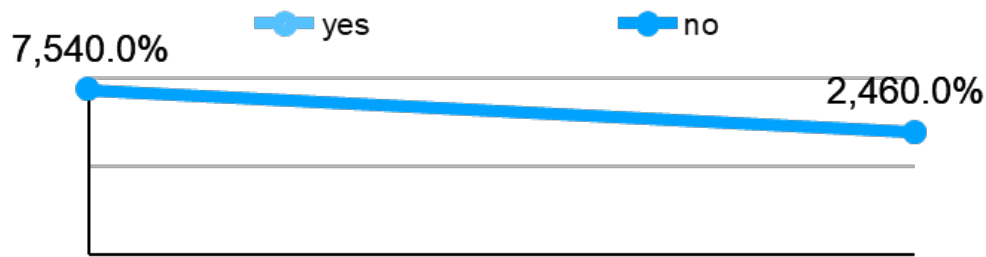


Figure 3. Are the amounts wagered on your favorite team / athlete usually large?

Source: Authors' research

□

- I bet for the pleasure of watching your favorite team / athlete
- I consider it a hobby
- I want to increase my income

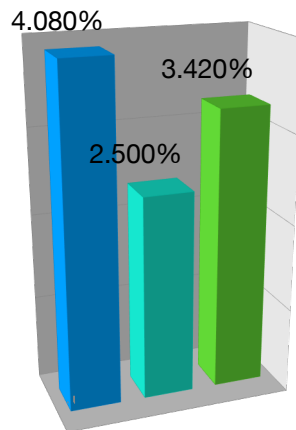


Figure 4. Reason for participation

Source: Authors' research

Most respondents have a neutral opinion regarding the sports betting industry, considering it neither good nor harmful. Hypothesis number four was formed based on the premise that this type of gambling, sports betting, is less harmful and more likely to win than other games, which is why the vast majority of people perceive them as a good hobby, but none harmful [9].

Just as all forms of gambling present a certain risk, all forms of gambling offer the chance to win money. What makes sports betting different? It is possible to make money without relying solely on luck. Your fate is in your hands and with the right approach, it is possible to make money regularly and consistently.

Today, sports betting is generally considered a socially acceptable activity. It is certainly not something that anyone should be ashamed of or feel the need to hide. Of course, there will always be people who will oppose it. No matter what those people think, betting on sports is a perfectly legitimate way to spend their money. That being said, it is fair to say that it is not a suitable activity for everyone. The answers to the question of whether sports betting is considered a harmful habit or not are detailed in the figure below.

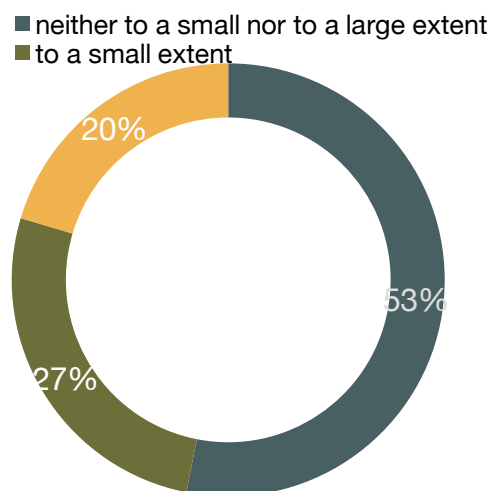


Figure 5. Perception on the harmfulness of sports betting

Source: Authors' research

The main risk of sports betting is obvious. Betting on sports involves putting real money into play and there is always the risk of losing that money. Even when you claim big favorites, winning is never guaranteed. Sport is ultimately too unpredictable. Unlikely results are not only possible but actually happen quite regularly.

Because we can say that sports betting is also a social habit, it is important to observe both psychologically and economically whether bettors do it physically or online.

The Covid-19 pandemic put everything on hold. Empty sports stadiums; closed casino doors; the slots have been turned off. The global economy is also blocked. People are temporary or permanently unemployed, creating a huge financial strain. All of these implications would see gambling suspended, right? Even. Everything is currently moving online. Shopping, socializing, and jobs are adapting to the new environment and the consensus is that this is a good thing. It signals a sign of things to come and shows that we can adapt to the proposed digital age.

Once the coronavirus pandemic stops almost all live sports, bookmakers are developing new ways to keep their consumers, online casino games, and virtual sports. As long as there have been sports, there have been bets on the result, but what happens when is there no sport to bet on or if there are no physical spaces in which to place this bet?

For bookmakers and gaming companies facing the loss of major markets, the answer is simple: offer customers virtual sports, as well as slots, bingo, poker, and casino games.

This hypothesis wanted to analyze the behavior of consumers who prefer such games from a social point of view. The results can be seen in the figure below. It is known that many gamblers prefer to go to physical agencies for socialization, but we wanted to see if this applies in the context of the Covid-19 pandemic. It seems that although there is an alternative to online betting, a large part of those who frequent bookmakers, prefer to go to physical agencies.

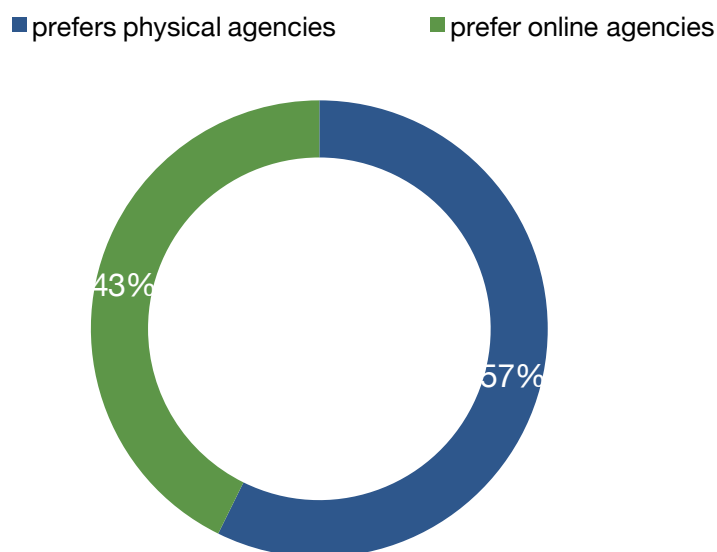


Figure 6. Preferences for physical and online agencies

Source: Authors' research

Following the discussions, it is obvious that the bookmakers will always win, but what do sports have to gain from the relationship with sports betting?

To be able to discuss this hypothesis, it is relevant to mention that instead of the preferences of our respondents, the most accessed bookmaker is Superbet. It is owned by Superbet Holding Romania, founded in 2008. Although public data are from 2015, it seems that it has had a significant increase. If in 2015 the turnover was 35.460.938 lei, in 2019 it reached the amount of 441.602.288, of which 53.242.671 profit. It seems that it started to expand to countries such as Poland and Slovakia in 2017, in which year it also enjoyed various awards such as Best Overall Sports Betting Operator 2017. In addition to the rapid expansion, it seems that at the level of this strategy the bookmaker constantly invests in various sponsorships of potential football teams, the most recent sponsorship being the "U" Cluj team - second league, from 2020.

Sponsorship agreements between sports brands and gambling companies are big business, spending \$ 330.5 million a year to secure these rights. As the big teams find their best players for the biggest transfer offers and the most profitable contracts, the financial package they are looking for must find new revenue streams to try to keep up. One of the most profitable options in recent years it has been brokering sponsorship transactions with betting companies. The relationship between the gambling industry and sports is a controversial issue, as concerns have been raised about the "normalization" of betting among children and the feeding of addictions [6].

One of the objectives proposed for this article was to identify a profile of the Romanian gambler, and in this sense, we can say the following: in general, the Romanian gambler is between 20 and 35 years old, has a university degree, a place of work, income above the minimum on the economy at present and lives in urban areas.

Due to the results, we can realize that from an economic point of view, the impact that sports betting has on consumers and sports is a major one. Whether we are talking about the amounts that bookmakers constantly invest in marketing and sponsorship strategies, or we are talking about fees, taxes, and profit of both bookmakers and bettors, the sport remains the central element between the two [12].

The impact that sports betting has on sports, in general, is largely reflected in sponsorships, in the number of views of matches, competitions, and fan clubs.

In the context of the pandemic, bookmakers have suffered a lot of losses, whether we are talking about the number of tickets submitted or the lack of sporting events, which is why many of them have come up with extensive offers to keep their customers in the environment online.

For example, the most popular bookmakers in Romania offer bonuses in exchange for creating an online account, which takes less than two minutes. The most common method is to create an account in exchange for an amount ranging from 50 to 500 lei, money that is offered as credit, thus encouraging the player to deposit and run new amounts. In the context of the pandemic, bookmakers have suffered a lot of losses, whether we are talking about the number of tickets submitted or the lack of sporting events, which is why many of them have come up with extensive offers to keep their customers in the environment online. For example, the most popular bookmakers in Romania offer bonuses in exchange for creating an online account, which takes less than two minutes. The most common method is to create an account in exchange for an amount ranging from 50 to 500 lei, money that is offered as credit, thus encouraging the player to deposit and run new amounts [5].

3. Conclusions

This article aimed to identify and clarify the reasons why bookmakers prefer to bet on well-known teams, athletes, and sports and those whose fans are to the detriment of those they do not know and do not follow regularly and also to identify if there is a profile of the Romanian bettor. Another interesting aspect that we touched on was the economic impact of the sports betting industry in the sports field. In order to have a clearer image of the financial impact that bookmakers have on consumers but also on sports in general, it is good to analyze the economic part, more precisely the turnover, the profit, but also the speed with which these companies -they extended. Even if many of these data should be public, few companies have this visible information, many of the bookmakers in Romania being owned by larger companies based in different countries.

The next studies that could be based on this article could be if there is a sport preferred by those who bet or if people are confident and willing to pay tips to increase their income, or if in the current context they prefer to go to bet physically or to bet online.

Another point that can be discussed is whether or not there is an impact on the fans of the teams/athletes, more precisely if they prefer to bet during the match or they prefer to bet before it starts.

Acknowledgment

All authors contributed equally to this research.

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