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## **The structural features of sports and race betting inducements: Issues for harm minimisation and consumer protection**

### **Abstract**

Minimal research has been published about inducements for sports and race betting, despite their ready availability and aggressive advertising. This paper aimed to document the range and structural features of these inducements, and analyse their alignment with the harm minimisation and consumer protection goals of responsible gambling. A scan of all inducements offered on the websites of 30 major race and sports betting brands located 223 separate inducements which we categorised into 15 generic types, all offering financial incentives to purchase. These comprised sign-up offers, refer-a-friend offers, happy hours, mobile betting bonuses, multi-bet offers, refund/stake-back offers, matching stakes/deposits, winnings paid for 'close calls', bonus or better odds, bonus or better winnings, competitions, reduced commission, free bets to selected punters, cash rebates and other free bets. All inducements were subject to numerous terms and conditions which were complex, difficult to find, and obscured by legalistic language. Play-through conditions of bonus bets were particularly difficult to interpret and failed basic requirements for informed choice. Website advertisements for inducements were prominently promoted but few contained a responsible gambling message. The results were analysed to generate 12 research propositions considered worthy of empirical research to inform much needed regulatory reform in this area.

## **Introduction**

A proliferation of marketing has accompanied the expansion of the sports and race betting industries into the online environment, as noted in recent Australian research (Hing, Russell, Vitartas & Lamont, 2015; Sproston, Hanley, Brook, Hing & Gainsbury, 2015). Particularly prominent are inducements which incentivise both race and sports betting through offers including sign-up and referral bonuses, ‘free’ bets, matching deposits, cash refunds, bonus odds, happy hours, and mobile betting bonuses. These inducements aim to recruit, register and retain online customers (Weibe, 2008), as well as prompt brand switching, accelerate buying and intensify purchasing. They may also seek to encourage betting on specific events, through particular channels and during nominated time periods. These inducements are typically advertised through a range of digital, mobile and social media, which face fewer advertising restrictions than more traditional media (Gainsbury, Delfabbro, King & Hing, 2015; Gardner, 2013). Inducements are also offered at point-of-sale on betting websites and mobile betting apps, which avoids the tighter controls and oversight generally applicable to other advertising forms (Howard, Flora, Schleicher & Gonzalez, 2004; Lavack & Toth, 2006; Sproston et al., 2015). This ready availability and the aggressive advertising of wagering inducements have attracted widespread criticism, with concerns raised about the potential of sports betting inducements in particular to normalise betting, particularly amongst adolescents and young adult males, and to exacerbate gambling problems and gambling-related harm (Derevensky, Sklar, Gupta & Messerlian, 2010; Lamont, Hing & Gainsbury, 2011; McMullan, 2011; Milner, Hing, Vitartas & Lamont, 2013). However, research into their impact on betting attitudes, intentions and behaviours is scant, and little analysis

has been conducted of their implications for harm minimisation and consumer protection in gambling.

The purpose of any inducement is to alter behaviour through modifying people's judgments and actions (Emanuel, Currie & Herman, 2005). In marketing theory, inducements to purchase, referred to as sales promotions, constitute specific offers providing additional purchasing incentives beyond those routinely provided by the core product (Beem & Shaffer, 1981). Through providing a temporary shift in stimuli, sales promotions aim to overcome psychological, physical, risk or competitive barriers and trigger an immediate shift in purchasing behaviour (Ailloni-Charas, 1984; Beem & Shaffer, 1981; Rossiter & Percy, 1987; Van Waterschoot & Van den Bulte, 1992). Inducements may also change how people balance the benefits and risks of purchasing and consuming the product (Emanuel et al., 2005) and may encourage impulse purchasing when advertised directly to consumers or at the point-of-sale (Donovan, Jancey & Jones, 2002). Impulse purchasing tends to involve spontaneous and unreflective decisions to buy with diminished regard for the consequences (Rook, 1987).

Sales promotions have no effect on consumers' overall consumption of a product if their responses are restricted to brand switching, purchase acceleration or stockpiling; conversely product trial, repeat purchasing or additional purchasing elevate overall consumption (Raghubir, Inman & Grande, 2004). Increased consumption of wagering products can have harmful effects if it shifts bettors along the gambling continuum to higher levels of risk and associated problems. Indeed, gambling problems and harms associated with sports betting are increasing in Australia (Hing, Gainsbury et al., 2014; Hing, Russell et al., 2015), although any causal role of inducements is unknown. Thus, it is critical to better understand the

relationship between sports and race betting inducements and related gambling problems and harms. A first step is to examine how inducements are structured and how their provision promotes or undermines the responsible consumption of wagering products. This approach recognises that the structural characteristics of gambling products are an important influence on gambling behaviour, including responsible consumption behaviour (Griffiths, 1993; Leino et al., 2015). Therefore, this paper aims to document the range and structural features of sports and race betting inducements available to Australian bettors through prominent Australian and overseas licensed operators. It then analyses their alignment with the harm minimisation and consumer protection goals of responsible provision of gambling to generate research propositions which may usefully inform future empirical studies. Implications of the findings for policy and regulation are also discussed.

### **The policy and regulatory environment for wagering inducements**

While participation in race betting has remained fairly stable in Australia, sports betting participation has grown exponentially, with expenditure increasing nearly five-fold over the last decade (Hing et al., 2014; Queensland Government, 2015). The widespread uptake of faster Internet and mobile technologies and increased race and sports coverage has stimulated demand, and the deregulation of online wagering also greatly increased the number of operators competing for the betting dollar (Hing, Vitartas, Lamont & Fink, 2014b). A major catalyst was a landmark High Court decision in 2008 which deemed it unconstitutional to prohibit bookmakers operating in one jurisdiction from advertising in another. This decision prompted strong interest from multinational wagering operators, heralding the entry of numerous corporate bookmakers into the Australian market (Nettleton, 2013). A proliferation of

marketing ensued, including inducements, as these new entrants pursued brand recognition and market share. Sponsorship of sporting teams, events and stadiums has also provided sports betting operators with opportunities to advertise inducements during live and televised sporting events, and during sports entertainment shows, including during general viewing times (Hing, Vitartas & Lamont, 2014a; Milner et al., 2013, Sproston et al., 2015). This has raised substantial community concerns about the exposure of children and young people to gambling advertising and the marketing of betting as an integral part of sport to an audience below the legal age for gambling. Most corporate bookmakers offer both sports and race betting products, and so have extended the same types of inducements to race betting as well. This has been a major change in how race betting is promoted. Wagering was traditionally confined to race betting, but now also includes sports betting. Regulation has lagged behind these developments, being originally designed for the race betting industry at a time when it took a more subdued approach to advertising.

Wagering inducements in Australia are currently regulated through a mix of Commonwealth laws (including the Interactive Gambling Act 2001 and the Broadcasting Services Act 1992); State laws (e.g., Gambling Regulation Act 2003 Victoria); mandatory codes of practice (e.g., Northern Territory Code of Practice for Responsible Gambling); voluntary codes of practice (e.g., Queensland Responsible Gambling Code of Practice); individual operators' codes (e.g., Tabcorp Wagering Responsible Gambling Code of Conduct); and broadcasting and advertising codes of practice. However, these regulations and codes provide little specific direction to ensure that inducements minimise gambling harm and provide adequate consumer protection. They lack clarity on what constitutes an inducement, with current legislation and codes rarely defining what inducements are; where they are defined,

definitions are broad, vague and provide little specific direction. Current regulatory tools also provide little specificity about which aspects of inducements are acceptable or not, and refer to inducements in general terms, such as requiring advertising to reflect prevailing community standards and to be socially responsible. Regulations lack consistency across Australian jurisdictions, with some states prohibiting recruitment inducements while others do not. Reflecting this inconsistency, most wagering operators have purposefully acquired their licence in smaller jurisdictions with lower levels of regulation, such as the Northern Territory, Tasmania and Norfolk Island.

International jurisdictions have responded in a variety of ways, but their responses have also been piecemeal and fragmented. They use similar instruments to regulate wagering inducements, but some provide additional oversight. For example, Denmark regulates how terms and conditions must be presented and some jurisdictions require pre-approval of all gambling advertising material by the regulator. Overall however, recent changes in the volume and nature of wagering marketing appear to warrant improved regulation, particularly in the area of betting inducements.

### **Influence of inducements on gambling behaviour**

While some types of inducements such as loyalty programs and comps (complimentary goods and services) incentivise gambling by rewarding past customer loyalty, sales promotions seek to encourage future purchasing, especially from the least loyal customers (Responsible Gambling Council [RGC], 2013). Canadian research has found that sales promotions are considered the most important type of inducement for land-based gambling venues and typically include prize draws, slot

tournaments, and special discount days (RGC, 2013). However, mixed results have been found for their effects. Two studies found that they increase expenditure on electronic gaming machines (EGMs). Lucas and Bowen (2002) found that prize draws with higher cash prizes produced higher slot machine sales in a Las Vegas casino. An in-venue survey of 414 older Australians found that, of those participating in venue promotions (50%), 18% reported usually spending more time, and 14% more money, on EGMs than they would have done without a promotion; 8% reported being introduced to playing EGMs through a venue promotion (Southwell, Boreham & Laffan, 2008). Conversely, another Australian study (Edelhoff, Grimes & Battista, 2014) found that venue promotions did not affect gambling behaviour, although combining different types of promotions (loyalty programs, trade promotion lotteries, raffles and bingo) may have obscured results. Use of self-reported data in both these Australian studies may limit the accuracy of their findings. A New Zealand study conducting focus groups and surveys concluded that inducements can elevate player excitement and motivation to continue gambling (Schottler Consulting, 2010).

The sparse research into Internet gambling inducements has focused on self-reported responses to associated marketing messages, rather than the structural characteristics of the inducements themselves. In a qualitative Australian study, some Internet gamblers reported that inducements are quite influential in increasing their race and sports betting, and that they seek them out to take advantage of 'free' bets and bonus deposits, opening accounts with multiple operators as a result (Hing, Cherney, Blaszczynski, Gainsbury & Lubman, 2014b). In another qualitative Australian study, young male sports bettors in particular reported being encouraged by online advertising to switch from physical to online betting environments, to open accounts to receive 'free' bonuses, and to move between operators to access different

incentives (Thomas, Lewis, McLeod & Haycock, 2012). Many of these sports bettors were reportedly focused on what was on offer, rather than any long-term risks or consequences.

A series of surveys conducted in Queensland Australia highlighted the appeal of sports betting promotions to adults, adolescents and sports bettors (Hing, Lamont, Vitartas & Fink, 2015a, 2015b; Hing, Vitartas et al., 2014b). About one-third of sports bettors and one in six adolescents agreed that they felt encouraged by the in-match promotion of incentivised bets to take up these offers, and about one-quarter of sports bettors that these inducements increase their likelihood of placing impulse bets during a sports broadcast. A quasi-experimental study of Queensland sports bettors using a conjoint design found bet type to be the most influential variable in eliciting the desire to place a sports bet, compared to the type of commentator, type of promotional technique and type of appeal used in related advertisements (Hing, Vitartas et al., 2014a). Further, 'risk-free' bets offering a money-back guarantee (if the team backed lost by 10 points or more) had the greatest appeal of all bet types examined, suggesting that this type of incentive presents a particularly influential enticement for sports bettors.

Australian research involving 10 focus groups drew attention to the pervasive marketing of both race and sports betting inducements, both through direct marketing via email, SMS and telephone, as well as through mass media, and its intensification in the lead-up to major events (Sproston et al., 2015). While participants generally reported not being highly influenced by other wagering marketing, they contended that promotional inducements directly influenced their own betting, encouraged them to open wagering accounts and to shop around for the best incentives. 'Risk-free' bets

were again considered to strongly encourage sports betting because they create the false impression that winning is certain.

Thus, there is growing evidence that wagering inducements can encourage more betting, including amongst bettors not meeting criteria for problem gambling. In addition to undermining responsible gambling through incentivising additional betting, which may also be impulsive in nature, these inducements are likely to increase gambling-related harm which is known to be common amongst lower risk gamblers. Indeed, a recent study in Victoria Australia found that low-risk and moderate-risk gambling accounts for 84% of the aggregate harms from gambling (Browne et al., 2016). Harm minimisation efforts therefore need to consider gamblers at all levels of risk, including policies and practices relating to sports and race betting inducements. These inducements can also contribute to the normalisation of betting, as evidenced by the growth in lifestyle consumption communities of young male sports bettors in Victoria Australia (Gordon, Gurrieri & Chapman, 2015).

### **Inducements can exacerbate harm amongst problem gamblers**

Inducements can also exacerbate gambling-related harm amongst problem gamblers. A focus group of eight Canadian problem gamblers illuminated the salience of how inducements are structured (RCG, 2013). All participants reported that casino inducements received – cash rebates, free play vouchers, free hospitality, entries into prize draws and gifts – had impacted on their gambling. Most increased their gambling frequency due to the added incentive to gamble and the guarantee of getting something back. Some conditions on inducements led to increased expenditure and duration in the venue, including free-play vouchers that could only be redeemed several hours later, after gambling a specified amount of their own money, or only

after midnight (when they could also access more cash from ATMs as it was a new banking day). Receiving rewards made some participants feel that they had less of a gambling problem and encouraged them to chase losses using the venue's money. These inducements made it more difficult to maintain control over gambling, both by enticing participants to attend the venue to receive or redeem rewards and to gamble once there.

A few studies elucidate the relationship between inducements and increased harm amongst problem gamblers. One Queensland study of 544 sports bettors found that perceived encouragement to bet from the promotion of incentivised bets increased with problem gambling severity (Hing, Lamont et al., 2015b). About one-half of 31 treatment-seeking Internet gamblers interviewed in another Australian study partially attributed their increased gambling to promotions for Internet gambling, which made betting more interesting and attractive, provided inducements to bet, and encouraged loss-chasing (Hing, Cherney et al., 2014b). Some explained how the play-through conditions of particular promotions and the difficulty of withdrawing winnings increased gambling time and expenditure. Those who had resolved to control their gambling particularly disliked these inducements because they triggered gambling sessions and relapses through reminders to gamble and attractive bonuses. A few participants who had curtailed their gambling relapsed in response. Another interview study, with a general population sample of 25 Australian moderate risk/problem gamblers, highlighted the huge volume of promotions received once participants opened sports and race betting accounts (Hing, Cherney, 2014a). In response, some participants gambled more than intended and gambled when they otherwise would not have. Clearly, problem gamblers are susceptible to increased

gambling-related harm when they increase their betting, chase losses and relapse in response to wagering promotions.

## **Methods**

A scan was conducted of all inducements offered by 30 major wagering brands, comprising 18 operators licensed in Australia where this study was conducted (sourced through a Google search using the search term bet\*) and 12 popular offshore operators that accept bets from Australian residents (sourced from casinocity.com). All inducements offered on these operators' websites were scanned twice (at the beginning and end of a three week period: 8<sup>th</sup>-28<sup>th</sup> May 2015) and on different days of the week to maximise the comprehensiveness of the scan and accommodate short term variations. While a longer timeframe may have captured some additional types, the same generic types of inducements were offered repeatedly over the three week period, suggesting that the scan captured the most prominent types. Of note is that the scan was primarily designed to capture the range and structural features of inducements offered, rather than produce definitive statistics on their frequency.

To guide our determination of which promotional offerings constituted an inducement to bet, the research team formulated the definition in Table 1, based on the sales promotion literature and incorporating the implicit aims of the inducements identified (e.g., a mobile betting promotion was assumed to have the implicit aim of encouraging usage of particular betting channels; recruitment promotions were assumed to have the implicit aim of increasing the number of account holders). The scan specifically excluded provision of credit for betting, loyalty programs, comps and affiliate referral programs as these are not (strictly speaking) sales promotions (RGC, 2013), although they do incentivise betting and warrant examining in future

research. A more practical reason for exclusion is that these incentives tend to be conveyed directly to customers so their occurrence could not be captured in the scan.

*Insert Table 1 about here*

All in-scope inducements were prominently displayed on the operators' websites and generally located in sections labelled 'promotions', 'specials' or 'novelty'. While inducements may be advertised across a range of media, all are advertised through the operators' websites. Thus, the scan captured all inducements offered by these operators during the scan timeframe. The two counts recorded a total of 223 different inducements (Count 1 = 165, Count 2 = 58; Count 2 did not re-record inducements already captured in Count 1). Key attributes of each inducement (Table 2) were recorded in a customised database.

*Insert Table 2 about here*

Based on these attributes, the 223 inducements were categorised into 15 different types, with this categorisation refined in several iterations before consensus by all authors. Some inducements could be classified in more than one category; e.g., a multi-bet offer might involve a refund of the stake if one bet element did not win. Therefore, we established a 'priority coding' order; if an inducement aligned with more than one category, it was classified as the first listed category in Table 3. The hierarchy was designed to reflect the diversity of inducements; e.g., if an inducement was distinguished by encouraging mobile betting, and the incentive provided was a refund, it was coded as a 'mobile betting offer', rather than a 'refund/stake back offer'.

*Insert Table 3 about here*

## **Results**

### ***Range and structural features of inducements***

Key features of each of the 15 generic types of inducements are described below. Their frequency as a percentage of the 223 inducements, and whether they were offered for sports betting, race betting or both, are shown in Table 3.

*Sign-up offer.* Sign-up offers incentivise opening a betting account by providing bonus bets which match, or partially match, the customer's outlay in the form of a deposit or first bet (mean maximum value = \$200, range = \$14-\$1,000).<sup>1</sup> Bonus bets for this and other types of inducements were subject to several terms and conditions (see below).

*Refer-a-friend offer.* These offers provide bonus bets to both the referring account holder and the friend (mean maximum value = \$69, range = \$26-\$100). Requirements on betting and play-through rest with the referred individual. Operators encourage account holders to claim the offer multiple times by referring multiple individuals.

*Happy hour or similar offer.* These inducements offer a regular, repeated, short term incentive to bet; e.g., the 'best industry price, every Saturday between 11 and 12', or 'in the two hours leading up to the match'. The incentive is usually better odds or better winnings (mean maximum payout = \$58, range = \$50-\$65).

*Mobile betting offer.* These incentivise use of smart phones and tablets for betting, and usually relate to only the first bet placed via this medium. They are not usually linked to particular codes or events. The incentive is usually bonus bets (mean maximum value = \$75, range = \$49-\$100).

*Multi-bet offer.* These require a multi-bet (also known as an accumulator or parlay) to be placed, generally on a particular sporting code or racing carnival. The

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<sup>1</sup> All monetary values are reported in AUD. Values provided on the websites in other currencies were converted to AUD at the rates published by the Reserve Bank of Australia on 29 May 2015.

incentive is usually a refund/stake back or increased winnings, paid as bonus bets or cash, under stipulated conditions, e.g., ‘if your 4+ leg multi fails by 1 leg, money back up to \$100 cash’. Multi-bet offers usually have a maximum bet limit (range = \$50-\$100). The average maximum monetary payout was \$101 (range = \$50-\$200).

*Refund/stake back offer.* These offers were the most prevalent. They are sometimes promoted as ‘risk-free’ bets as they refund the stake (or part) if the bet does not win but other specified conditions are met, e.g., ‘if your team is winning at half time’, or ‘if your team scores xx points but loses’. Refunds are typically (68% of cases) paid as bonus bets but some as cash (32%). Average maximum value was \$85 (range = \$25-\$357).

*Match (or partially match) your stake/deposit (with bonus bets).* This inducement type is very similar to the refund/stake back offer, with the customer’s stake refunded (as cash or bonus bets). However, while refund/stake back offers are for losing bets and provided after the event, ‘match your stake’ inducements are provided either when placing the bet or for a winning bet. These offers are sometimes conditional on ‘reloading your account’. Average maximum value was \$58 (range = \$14-\$100).

*Winnings paid even if you don't win.* These inducements are marketed as reducing the risk of a ‘near win’ and are linked to ‘close calls’ such as protest judgements in horse racing, and video referee decisions and extra time in sporting matches. These offers usually have a maximum cut-off on the bet value (range = \$100-\$250). Thresholds on the value of winnings that could be claimed are high, up to \$100,000. Winnings tend to be paid as cash.

*Bonus or better odds (not including happy hour type inducements).*

Inducements offering ‘promotional odds’ incorporate both temporary offers, usually

for a particular season or specific event; and also a more generic and continuous promotion guaranteeing the ‘best tote odds all day, every day’. The incentive is usually paid as cash, with a maximum cut-off on the bet value (range = \$50-\$200). The cap on winnings tends to be high, up to \$20,000.

*Bonus or better winnings.* This inducement type is similar to the bonus or better odds offer but expressed in different terms, e.g., ‘double your winnings’ or ‘25% extra’ on your winnings. Additional winnings are paid as bonus bets (54% of this inducement type) or cash (46%, with a cap of \$10,000). They have a maximum cut-off on bet value (range = \$100-\$250) and are generally subject to contingencies such as ‘pick the first try scorer and double your winnings if the try is converted’.

*Competitions (where the payout is bonus bets).* This inducement type comprised competitions with prizes paid as bonus bets, e.g., a competition awarding \$1,000 in bonus bets to the ‘customer who makes the highest net profit from a single parlay bet in each calendar month’.

*Reduced commission.* In the two records captured, this inducement type related to reduced rates of commission during a particular racing carnival and ‘forgetting the 5p rule 4’ (for a UK based provider).

*Free bets (selected punters).* This category is only available to active bettors, but is not always explicitly conditional on a specific betting behaviour. The incentive is paid in bonus bets. In some cases, punters have to place bets on all races in a specified meeting before commencement of the meeting, to qualify for the draw.

*Other free bets (e.g., predict the outcome of a match).* This category comprises ‘all other free bet’ inducements which did not fit into the other categories, e.g., one provided a bonus bet for predicting finalists in the English Champions League.

*Cash rebate (no play-through required).* This inducement type was found only in offshore providers and provided a % cash back on betting expenditure, with no play-through requirements. These offers may specify event type (e.g., horse racing) and/or type of bet, with differing % cash back amounts for different bet types.

### ***Terms and conditions of inducements***

All sports and race betting inducements were subject to terms and conditions. These were often not contained in the website advertisement but required clicking a link to access. They covered a range of generic restrictions (e.g., limited to one offer per household or account, restricted to recreational gamblers, maximum monetary value of the bet and/or payout) and specific restrictions (e.g., ‘bet must be placed on race 8 at Sandown’, ‘the try must be converted within normal time’). Inducements were also subject to general terms and conditions, located elsewhere on the website (and typically difficult to find) with usually with no direct link from the inducement advertisement. These related to general betting rules, company policy and other offers, as well as (in some cases) providing further details on the inducement itself. General terms and conditions were characterised by their sheer volume, complexity and legalistic language, with those for one operator totalling 450 pages.

### ***Bonus bets and play-through requirements***

Many incentives are provided as bonus bets with play-through requirements. These stipulate that the bonus bet amount and/or matching deposit and/or winnings obtained from the bonus bet must be played through a number of times (mean = 2.7 times; range = 1-16 times) before withdrawals can be made from the account. The bonus bets themselves are subject to an additional layer of restrictions, including types of

bets and minimum odds allowable, and that they cannot be used to claim other promotional incentives. These terms and conditions were critical in determining the cost of taking up the offer, but were typically located elsewhere on the website and were difficult to interpret. For example, one sign-up offer advertised ‘Open an account, deposit \$20 or more and you will qualify for a 100% matched amount as a bonus to bet with up to a maximum of \$200’. The associated terms and conditions, once located, revealed that after receiving the bonus bet the bettor was required to bet the deposit amount plus the amount equivalent to the bonus bet three times at odds of 1.5 or more within 90 days, before being able to withdraw the bonus bet or any winnings from the bonus bet. These play-through requirements meant that it would cost bettors \$1,000 of their own money for a chance to win from a \$200 bonus bet (they must bet the deposit amount of \$200 plus the amount equivalent to the bonus bet (\$200) three times = \$1,200, minus the \$200 bonus bet = \$1,000).

### ***Inducements for race betting and sports betting***

Of the 223 separate inducements found in the scan, 50% were for sports betting, 32% were for race betting, and 18% were for both. As Table 3 shows, recruitment offers tended to be open to both sports and race bettors, with all refer-a-friend offers open to both as were 87% of sign-up offers. Multi bet offers were almost exclusively targeted at sporting events (95%), whereas the payment of winnings on losing bets was more commonly associated with racing events (75%) – because of the high number of ‘protest payout’ inducements in this category. Refund offers were more commonly restricted to sporting events (70%) whereas offers which matched the stake were equally split between racing, sports or both (33% in each).

### *Other characteristics of wagering inducements*

Inducements were prominently promoted on operator websites, with the Australian licensed operators offering nearly three times more inducements (mean = 11.6 per brand) than offshore operators (mean = 4.1). Table 4 shows the total number of inducements offered by the onshore and offshore operators during the scan period. Specific inducements changed frequently although within the 15 generic types (except the perennial sign-up and refer-a-friend offers), reflecting the specific nature of the bets/events to which they applied. They also increased towards the end of the week in the lead-up to weekend sports and racing events. All inducements were price promotions offering temporary price cuts, monetary savings, bonus bets or refunds. The incentive in each was some kind of financial bonus, mainly in the form of bonus bets. Only 12% of inducements had a responsible gambling (RG) message in the website advertisement, although most websites (95%) had a RG message on the home page (although these often lacked prominence) which linked to another RG page or site. Of note is that 100% of Australian licensed operators and 78% of offshore licensed operators included RG messages on their website, signalling their public commitment to RG. This stands in contrast to their provision of inducements that, as discussed below, undermine harm minimisation and consumer protection, indicating a lack of commitment to RG in practice.

*Insert Table 4 about here*

### **Discussion**

The results of this study indicate that several structural features of sports and race betting inducements are poorly aligned with the harm minimisation and consumer protection goals of responsible provision of gambling. The 12 propositions presented

below capture key issues of concern, discuss them in relation to the literature, and may usefully inform future empirical research.

***P<sub>1</sub> Recruitment inducements entice new users to betting***

Sign-up and refer-a-friend offers, which are common for both sports and race betting, incentivise opening an account, and also require making a deposit or first bet, then placing the bonus bet and at least one further bet within one or a few months.

Australian research has found that these inducements entice some individuals into opening a betting account (Hing, Cherney et al., 2014a, 2014b; Sproston et al., 2015; Thomas et al., 2012), but some may be existing bettors engaged only in brand switching. Where these inducements entice new users, they necessarily increase these individuals' consumption of wagering products. The total consumption model, predicting that more consumption causes more harm at all levels, is supported in some research (Currie, Hodgins, Wang, el-Guebaly, Wynne & Chen 2006; Currie, Hodgins, Wang, el-Guebaly, Wynne & Miller, 2008; Rockloff, 2012), although gambling consumption and problem gambling are not always linearly related (Binde, 2014). Nevertheless, the recruitment of new bettors to the market clearly increases the number of individuals exposed to the risks of betting, with some likely to develop gambling problems and experience betting-related harm. Being referred to betting by a friend may also help to normalise the activity and encourage product trial.

***P<sub>2</sub> Wagering inducements encourage bettors to open multiple betting accounts which facilitates further betting***

Three main effects have been reported by Australian Internet gamblers from opening multiple betting accounts to capture incentives (Hing, Cherney et al., 2014a, 2014b). One is to extend the time and money spent gambling as bettors use the multiple bonus bets received and adhere to their play-through requirements. A second effect is that

some bettors find it more tempting to place further bets once they have one or more active accounts. A third outcome is that each account opened triggers a plethora of additional inducements conveyed through direct marketing channels and encouraging additional betting. Research with 3,178 Australian Internet gamblers found that multiple account holders gamble on more activities and more frequently, and have higher rates of gambling problems, compared to single account holders (Gainsbury, Russell, Blaszczynski & Hing, 2015). These multiple account holders also selected online gambling sites based on price, betting options, payout rates and game experience, whereas single account holders prioritised legality of sites and consumer protection features. Thus, although causal directions are unclear, having multiple active betting accounts is a risk factor for gambling-related harm.

***P<sub>3</sub> Wagering inducements purportedly lower the price of betting which increases overall betting consumption***

All inducements were price promotions offering some kind of financial bonus. Continual price discounting can lower consumers' reference point and result in a 'race to the bottom' amongst brands in a highly competitive price war. This encourages bettors to search for the best deals, facilitated by websites dedicated to comparing wagering inducements. This shopping around is common practice amongst Australian bettors (Hing, Cherney et al., 2014a, 2014b; Thomas et al., 2012), thus undermining rather than boosting brand loyalty. Lower prices across the industry offer savings for customers on individual bets, but are also likely to result in increased product usage, betting with multiple operators, and increased exposure to a plethora of marketing communications. Alcohol and tobacco pricing has been found to have public health effects. A systematic review found that increases in alcohol prices reduce alcohol consumption, hazardous and harmful consumption, alcohol dependence, and alcohol-

related harm to the consumer and others (Brennan, O'Reilly, Purshouse & Taylor, 2008). Similarly, research has found strong support for an inverse relationship between price and cigarette smoking (Gallus, Schiaffino, La Vecchia, Townsend, & Fernandez, 2006; Scollo, Younie, Wakefield, Freeman & Icasiano, 2003). Thus, lowering the price of betting is likely to increase overall betting consumption, although its impact on gambling-related harm has yet to be ascertained.

***P<sub>4</sub> Wagering inducements with bonus bets/deposits encourage additional betting***

Inducements providing bonus bets and deposits received after an incentivised bet require continued betting to benefit from the incentive, especially if subject to play-through requirements. These include the most common inducement types, including mobile betting offers, multi-bet offers, refund/stake back offers, some competitions, free bets to selected punters, and other free bets. Conversely, inducements providing incentives as cash or better odds/winnings do not necessitate continued betting to benefit. Thus, it is the type of incentive offered which has most influence on continued betting. While some of this betting may substitute for that which would have occurred without the inducement, Australian research has found that bonus bets and deposits can increase overall consumption amongst some bettors (Hing, Cherney et al., 2014b; Hing, Lamont et al., 2015b). Many bonus bets also require a matching bet, thus intensifying betting expenditure. Play-through conditions increase the amount of time spent gambling and therefore increase exposure to a potentially addictive activity. The Pathways Model would predict that the strengthened behavioural conditioning that occurs through this extended betting increases the likelihood of developing gambling problems (Blaszczynski & Nower, 2002).

***P<sub>5</sub> Some wagering inducements heighten volume purchasing***

Intensification of betting may also be encouraged by inducements for multi-bets as these encourage volume purchasing and reward heavier product use by requiring bettors to wager on multiple legs. In our scan, these types of inducements were particularly prominent for sports betting. Nevertheless, race betting inducements can also reward a large volume of bets. For example, one inducement offered \$1,000 in free bets for punters who placed a bet on every race at a particular race meeting.

***P<sub>6</sub> Wagering inducements incentivise particularly risky types of bets***

Multi-bets and exotic bets have comparatively high expected loss rates (Gainsbury & Russell, 2015), and so increase betting-related harm and chasing behaviour as more bettors experience losses. Yet these are the types of bets most often incentivised by inducements and often promoted as ‘risk-free bets’, particularly for sports betting. Responsible gambling information typically encourages consumers to understand the odds when gambling and to avoid risky betting behaviours. However, these inducements incentivise bets with combined contingencies, with probabilities that are extremely difficult to calculate and for which loss rates are high, as found in a study of sports betting promotions in the UK (Newall, 2015). Under conditions of complex probabilities, people tend to rely on heuristics when making decisions and these can be subject to cognitive biases which overestimate the probabilities of winning (Tversky & Kahneman, 1974). Thus, these inducement types discourage responsible gambling behaviour and incentivise risky and ill-informed betting decisions. Comparing expected operator margins could verify whether incentivised bets have higher expected loss rates compared to non-incentivised bets.

***P<sub>7</sub> Happy hours intensify betting through promoting rapid and concentrated betting***

Happy hours might also intensify betting by encouraging its concentration into short time periods offering financial bonuses, often between 1-2 hours. Happy hours for alcohol consumption can promote rapid and excessive consumption, prompting regulations restricting their availability and guidelines for responsible liquor promotions (Babor, Mendelson, Greenberg & Kuehnle, 1978; VCGLR, 2015). Offers of free drinks and extreme discounting may also nurture an environment of irresponsible consumption by creating incentives for patrons to purchase and consume

more than they normally would. It is not known whether discounted happy hours for betting similarly encourage binge gambling, and this is an area for future research.

***P<sub>8</sub> Wagering inducements encourage impulse betting***

Inducements promoted on betting websites and apps occur at the point-of-sale and can therefore encourage impulse betting. Impulse betting may be particularly prominent amongst sports bettors who are offered numerous opportunities to bet on in-match contingencies. Alcohol and tobacco research has found that point-of-sale promotions result in increased impulse purchasing and increased purchase quantities amongst some consumers (Gilpin et al., 1997; Jones Barrie, Robinson, Allsop & Chikritzhs, 2012; Slater, Chaloupka, Wakefield, Johnston & O'Malley, 2007). Further, inducements communicated directly to the consumer, such as through direct email or SMS, may be particularly salient as they are difficult to avoid (Martin et al., 2013). Thus, the manner in which wagering inducements are marketed may be an important influence on the effect that they have on betting behaviour. Research is needed into whether and to what extent exposure to these inducements prompts unplanned and unreflective purchasing amongst sports and race bettors, which in turn undermines responsible gambling behaviour.

***P<sub>9</sub> Wagering inducements are likely to maintain or exacerbate harmful betting amongst problem gamblers***

A review of gambling advertising research concluded that this advertising can maintain and exacerbate problem gambling by arousing more frequent impulses to gamble, hindering efforts to limit gambling, and triggering relapse (Binde, 2014). Australian studies on both sports and race betting have also consistently found that self-reported influences of wagering marketing increase with problem gambling severity, including more positive emotional and cognitive responses, increased betting

behaviour, and betting more than intended (Hing, Cherney et al., 2014a, 2014b; Hing, Lamont et al., 2015a, 2015b; Schottler Consulting, 2012; Sproston et al., 2015). The heavy promotion of wagering inducements at point-of-sale, in mass media, social media and in direct communications to bettors means that this advertising cannot be avoided, exposing problem gamblers to an ongoing plethora of highly incentivised betting cues as inducements are continually refreshed. Problem gamblers themselves have reported harmful effects, but empirical research is needed with larger samples and to determine any differential effects for different types of wagering inducements.

***P<sub>10</sub> Terms and conditions of wagering inducements do not usually enable informed choice***

The terms and conditions of many wagering inducements are complex, not always explicit in their advertisements, difficult to find, sometimes embedded in a raft of general terms and conditions, and obscured by legalistic language. This lack of easily accessible and transparent information hinders informed choice, which is a cornerstone of consumer protection and responsible provision of gambling (Blaszczynski et al., 2008; Parke, Harris, Parke, Rigbye & Blaszczynski, 2014). To assist consumers to make responsible and informed gambling decisions, the informational basis must be relevant, accurate, not misleading or deceitful, accessible to all potential participants, provided in an understandable way, provided in full, and delivered in a timely manner (Blaszczynski et al., 2008). This includes information outlining how the gambling activity operates, including the probabilities of winning (Parke et al., 2014). Many terms and conditions examined in this study fail to meet these basic requirements for informed choice.

***P<sub>11</sub> Consumers are unlikely to see a RG message accompanying a wagering inducement***

RG messages were provided in only a minority (12%) of display ads for wagering inducements, although the majority of websites contained a RG message on the homepage and a link to further information. However, these messages were unlikely to be noticed, difficult to find, and hard to read. Thus, the vast majority of race and sports betting inducements were displayed without any RG message, contrary to requirements for other forms of gambling advertising in Australia and elsewhere. While the most effective way to deliver RG information is still open to debate, and the generic, static and non-personalised ‘gamble responsibly’ message is unlikely to gain attention, prompt self-evaluation or motivate a behavioural response (Parke et al., 2014), the lack of any message on most wagering inducements is contrary to the responsible provision of gambling services.

***P<sub>12</sub> Many minors are routinely exposed to advertisements for wagering inducements***

A further consideration for consumer protection, although not directly examined in this study, is the exposure of children and adolescents to a plethora of marketing for wagering inducements, especially for sports betting. Of most concern is the potential effect on their future attitudes, intentions and behaviours in relation to gambling and gambling problems, given that youth lack capacity to properly evaluate this information and may be unable to distinguish its promotional intent (Hing, Vitartas et al., 2014b). While regulations and codes of conduct prohibit the targeting of minors by gambling advertising, they do not prevent their exposure to this advertising through channels including social media, the Internet, and during live and televised sporting events. Australian free-to-air television now offers a dedicated racing channel that is readily accessible to youth, while sports channels on pay TV frequently broadcast betting promotions. There are few restrictions that limit the

exposure of youth to the widespread promotion of sports and race betting inducements.

### **Conclusions and implications**

This study has documented the range and structural features of sports and race betting inducements and analysed their alignment with the harm minimisation and consumer protection goals of responsible provision of gambling. While limited to desk research over a short time period, it generated numerous propositions considered worthy of further research based on results of a comprehensive scan. These results indicate that sports betting and other wagering operators are offering risky inducements through the Internet and other web modalities that point to the need for increased consumer protection and harm minimisation measures.

The implications of these findings include the need for several improvements in the regulation and provision of wagering inducements to enhance safe betting practices. Regulations should incorporate clearly articulated responsible gambling objectives and specify exactly what outcomes are intended in terms of consumer protection, harm minimisation, and the protection of vulnerable groups including minors and problem gamblers. They should also provide clarity on what constitutes an inducement, which aspects of inducements are acceptable or not, and how to ensure inducements minimise betting-related harm and provide adequate consumer protection. This includes for the presentation of terms and conditions of inducements to be prescribed to specify how much of their own money customers must spend to obtain the incentive, in order to enhance informed choice. The outlawing of certain types of inducements should be considered where evidence shows them to be misleading or links them with gambling-related harm. The inclusion of RG messages

should also be mandated, and the advertising of inducements curtailed during general TV viewing times, including in sports broadcasts which are widely watched by minors. Importantly, a consistent national approach to the regulation of inducements is highly desirable, requiring a more active role by the Commonwealth Government and/or cooperation amongst the States. These regulatory reforms could also be supported by expanded broadcasting and advertising codes that cover inducements in more detail. Industry operator codes should also be revised to include a specific section on inducements. All of these regulatory tools require greater specificity to provide more certainty around what are acceptable and unacceptable industry practices. This would give certainty to industry and governments, and ameliorate public perceptions that inducements are exceeding the limits of community standards. Monitoring and compliance mechanisms, as well as complaints mechanisms, also warrant strengthening to ensure adherence to current and future regulations pertaining to inducements.

Overall however, the current lack of empirical research into sports and race betting inducements is hindering an evidence-based approach to policy. Research is urgently needed to determine the actual influence of different types of inducements on betting attitudes and intentions, on the commencement, continuation and intensification of betting, on gambling-related harm and the development and maintenance of problem gambling, and on consumer protection. This study has provided some foundational knowledge and generated numerous propositions that can form the basis for further research to inform much needed regulation in this area.

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**Table 1: Definition of wagering inducements**

Wagering inducements are typically presented as sales promotions and have the following essential components:

- They offer one or more incentives to bet that are additional to what is normally received as part of the core wagering product.
- The incentive to bet is offered in conjunction with a specified betting-related activity and/or redeemed in a form that encourages betting.
- This incentive aims to trigger one or more of the following consumer responses:
  - induce an immediate sale or move the sale forward
  - retain existing customers by matching or bettering competitors' incentives
  - prompt brand switching from competitors to the promoted brand
  - increase or intensify purchasing
  - encourage future purchasing
  - increase the customer base (number of account holders)
  - encourage usage of particular betting channels (e.g. smartphone, tablet)
  - encourage betting on a particular event and/or
  - encourage betting during particular time periods.

**Table 2: Attributes of inducements recorded**

<ul style="list-style-type: none"><li>▪ Brand</li><li>▪ Whether onshore or offshore</li><li>▪ Inducement label and brief description</li><li>▪ Type of inducement</li><li>▪ Incentive provided</li><li>▪ Whether it applies to sports and/or racing</li><li>▪ Sporting code or racing type and location (Australian or overseas)</li><li>▪ Detail on whether limited to a particular sporting/racing round or event</li><li>▪ Type of bets eligible (and ineligible) for the inducement</li><li>▪ Minimum and maximum bet</li><li>▪ Maximum payout</li><li>▪ Terms and conditions of the inducement</li><li>▪ Whether a responsible gambling message is visible as part of the inducement advertisement itself, and/or on the host website</li><li>▪ The browser used to access the inducement (since that affected what could be viewed in some instances) and the date it was accessed</li></ul>
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**Table 3: The 15 types of wagering inducements: priority coding order, frequency, and whether available for racing and sports betting**

Priority coding order	Frequency <sup>a</sup>	Racing only	Sports only	Both
	%	%	%	%
1. Sign up offer	13	3	10	87
2. Refer a friend offer	3	0	0	100
3. Happy hour or similar offer	4	38	50	13
4. Mobile betting offer	1	33	33	33
5. Multi bet offer	9	0	95	5
6. Refund/stake back offer	27	28	70	2
7. Match (or partially match) your stake/deposit (with bonus bets)	4	33	33	33
8. Winnings paid even if you don't win (e.g. protest payouts, in extra time)	7	75	25	0
9. Bonus or better odds (not including happy hour type inducements included above)	13	39	61	0
10. Bonus or better winnings	12	58	42	0
11. Competitions (where payout is bonus bets)	0.4	0	100	0
12. Reduced commission	1	100	0	0
13. Free bets (selected punters)	2	100	0	0
14. Other free bets (e.g. predict the outcome of a match)	2	0	75	25
15. Cash rebate (no play through required)	4	25	75	0

<sup>a</sup> expressed as a percentage of the 223 inducements identified in total during the scan.

**Table 4: Total inducements by onshore and offshore operators**

<b>Onshore operator</b>	<b>N</b>	<b>%</b>	<b>Offshore operator</b>	<b>N</b>	<b>%</b>
Crownbet.com.au	35	10%	Stan James Sportsbook	19	5%
Bet365.com.au	34	10%	Intertops Sportsbook	13	4%
Ladbrokes	34	10%	Mansion88	11	3%
Sportsbet.com.au	28	8%	BetDSI	8	2%
Palmerbet.com.au	21	6%	10Bets Sports	8	2%
Tom Waterhouse.com	20	6%	Betplay	8	2%
Williamhill.com.au	20	6%	Pinnacle Sports	5	1%
Luxbet.com.au	14	4%	TonyBet	4	1%
Centrebet.com.au	12	3%	Betadonis	4	1%
TAB.com.au	10	3%	BetVictor Sports	3	1%
Betstar.com.au	9	3%	Betjack	2	1%
Bookmaker.com.au	8	2%	SBOBET	2	1%
Topbetta.com.au	7	2%			
Betfair.com.au	5	1%			
Sportsbetting.com.au	4	1%			
Tattsbet	0	0%			
TABtouch	0	0%			
ACTTAB	0	0%			
Marathon Bet	0	0%			