

# THE SOCIETY FOR THE STUDY OF GAMBLING

## NEWSLETTER

Spring 2000, Number 34

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## THE SOCIETY FOR THE STUDY OF GAMBLING

The Society for the Study of Gambling was formed in 1977 to provide a forum for those concerned with research into gambling, to promote its scientific study, especially as far as the psychological, social and economic aspects are concerned, and to inform the public about these matters.

The membership of the Society is drawn from a wide circle of people who have an interest in various aspects of gambling. They range from social workers and psychiatrists who deal with 'compulsive gamblers' to members of the commercial gambling industry. It is a condition of the Society that there should be freedom of opinion and practice among its members, so that the Society does not take any particular stance in relation to gambling.

Papers are reproduced in the **Newsletter** as a record of the Society's meetings, and/or at the invitation of the editor, and are not intended as an alternative to publication in a learned journal. Any of the standard reference systems is acceptable. The Editor welcomes unsolicited manuscripts, correspondence, book reviews and other items which are of interest to SSG members.

**Subscription:** The **Newsletter** is circulated twice a year to Society members. Annual subscription for individual Society membership is £18. Cheques should be made payable to The Society for the Study of Gambling, and sent to the Honorary Treasurer. Overseas subscribers should remit in sterling.

The Society holds regular meetings twice a year in London. The next meeting will be on 11 May 2000. For further details please write to the Honorary Treasurer.

Please note that students and others not in receipt of earnings may attend the Society's meetings without having to pay the meeting fee. Applications to waive the fee should be made to the Treasurer.

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## **EDITORIAL**

### **A MESSAGE FROM THE EDITOR**

Many thanks to Christopher Hill for the hard work and humour he brought to the **Newsletter** as editor over the years. I am delighted that he has agreed to keep us all up to date with his regular digest of gambling news.

I was going to comment upon the changes currently sweeping through the domestic and global gambling industries. The nature and rapidity of these changes however would quickly render any observations obsolete. I look forward to future contributions to the **Newsletter** that attempt to make sense of these developments.

Due to start-up factors, this is a somewhat thinner edition than usual - though the articles are of the usual high quality. Please feel free to contact me with your ideas and contributions for future editions.

Mark Neal



# THE BOOKMAKER'S EXODUS

**Christopher Hill**

## **1 Bookmaking, Betting, and the Levy**

Huge amounts of newsprint have been devoted to Victor Chandler's trail-blazing move to Gibraltar in May 1999, where punters suffer only 3% deductions instead of 9%, (highlighted in Issue 33) and to developments in Internet betting. Now Chandler intends also to offer spread betting, initially on sports, but in a few months on financial instruments, and has been joined by Jonathan Sparke, founder of the spread betting firm, City Index.

It was announced in August that the quoted sports and entertainment group, ENIC, was to buy 25% of Chandlers new venture for £5million, and on completion of due diligence would pay perhaps £60-£70 million for 100% of the parent company. (Financial Times 17 August 1999). At the end of August Eurobet, the Gibraltar based Internet betting company, claimed to be taking £2 million of bets per day, and said both William Hill and Coral had shown interest in buying the business. It appears (Independent, 31 October 1999) that Coral is dropping plans to expand on the mainland, but is still considering a move to Gibraltar.

Ladbrokes unveiled its Gibraltar plans on 27 August and got off to a good start there on 21 October. John O'Reilly of Ladbrokes believes his company will have an advantage over Victor Chandler because it can offer on-line debit card authorisation. Ladbrokes has also extended its betting on lotteries to include the New York, German and Spanish versions.

On 27 August Ladbrokes announced its withdrawal from Argentina and Brazil and racecourses in USA. At the same time it revealed that profits on European retail betting had fallen 20% from £40.9 million to £40.1 million. The company has also withdrawn from South Africa. At the beginning of March it left the consortium, in which it was the major shareholder, which had been given a casino licence by the Western Cape Gambling and Racing Board, and which had planned a major development at Caledon.

Ladbrokes continues its campaign to deprive of their licences publicans who allow illegal betting. It has told Customs and Excise that an annual £500 million may be bet illegally. (Would those same illegal punters be allowed to bet in a pub over the Internet, using a computer supplied by the landlord?).

The Treasury announced tighter control, of Corporation Tax payable by companies in tax havens, such as Gibraltar, but the liability to betting tax was not affected. However, to the chagrin of the Foreign Office, which fears a diplomatic incident, the Treasury has discovered reserve powers which in theory would allow it to legislate for betting tax in Gibraltar. (Richard Evans, Daily Telegraph, 13 September 1999). Even if reserve powers are not used, and it is twenty-five years since they

were, there are persistent reports that the Treasury is leaving no stone unturned in its efforts to influence the operations of Gibraltar. Hill's, which already has interactive sites for UK and non-UK customers in Leeds and the Isle of Man respectively, is reported to be planning to set up a call centre in Athlone, County Westmeath for non-UK customers. This has provoked concern among Irish bookmakers, who fear that Hill's may re-route calls to avoid paying the Irish 5% betting tax. Hill's will say no more at present than that it is in talks with the Irish Government.

By the end of 1999 Hill's also plans to add four sports, probably including baseball, to its existing website, launched in April. Having made a £5 credit card deposit the punter can bet as little as 10p in eighteen different currencies.

Although much excitement has been generated by bookmakers' moving their telephone betting overseas, they all realise that the key to future profits lies in the Internet, and that the excitement of paying 3% instead of 9% may be a nine days' wonder. Meanwhile Mark Blandford the "bookmaking minnow with bundles of vision" who pioneered the Internet betting revolution in Alderney with his Sportingbet.com, goes from strength to strength. (*The Times*, 2 September 1999). Blandford says: "The on-line punter tends to be much younger than the traditional betting shop punter. He or she has Internet savvy and prefers using a computer at home to walking in the rain to a smoke-filled betting shop."

There are many other players: to take just four examples:

- Sports Internet has spent nearly £20 million on the loss-making Surrey Racing, largely, it appears in order to acquire its licence to bet by telephone and, much more important, on the Internet, from Alderney.
- According to "Colonel Pinstripe" in the Sunday Express (19 September 1999) Kerry Packer's son Jamie has acquired a betting licence in Canberra and plans to offer E mail and freephone betting by the end of November.
- Blue Square, an on-line operator in the UK, and therefore liable to betting tax, has reduced the tax payable by punters to 2.5% and is carrying the remainder itself. Its managing director, Damien Cope, says he will take the company off-shore if betting tax is not cut.
- George Walker has said that three firms are interested in a stake in his online betting and lottery business, Premier Telesports, which transmits greyhound racing from Britain to Russia and the old soviet bloc. The favourite was BS Group, Bristol-based dog track operator

The Tote could not be expected to join the rush to Gibraltar, pre-occupied as it is with its own future. The Home Secretary Jack Straw, is inching his way towards selling the organisation, and a Home Office statement has reiterated that he hopes to make a decision by the end of 1999. The price for which it can be sold will almost certainly be reduced by the move off-shore by other bookmakers, because some Tote customers will have followed them. According to chief executive, John

Heaton, telephone betting accounted for £31 million out of £497 million turnover. The BHB has come round to the idea, which earlier it had sensibly rejected, that the Tote should be sold to a new racing Trust, thereby creating yet another body in racing. This is a victory for the Tote's chairman, Peter Jones, who has always thought such a Trust should represent all sections of racing, rather than handing the Tote over to the BHB. Mr Jones, more forward-looking than most bookmakers, said at the Betting Shop Show on 226 October that he believed there would be betting in pubs within five years, probably accompanied by alcohol in betting shops.

The hopes racing interests' presenting a united front in respect of the Tote may collapse, as various bodies cannot agree on the degree of representation that they would have on a future Tote operating board and board of trustees.

Meanwhile, according to the always well-informed Richard Evans (Daily Telegraph, 27 October 1999) the Racecourse Association, working against the plan for a Trust, has secured an outside partner and is to bid for the Tote itself. Leonard Steinberg, of Stanley Leisure (which is also planning a Gibraltar move) said in July that the Tote's betting shops should be sold to the highest bidder, leaving the pool operation as a separate operation.

Horse Racing has been dominated by the run-up to the new Levy scheme, settled unsatisfactorily from the point of view of racing interests, with a planned payment by the bookmakers of £61 million. It appears that this offer was accepted by the Levy Board over the heads of the British Horseracing Board's (BHB) representatives on it.

Home Office briefings had made it clear that there was definite antipathy to the idea of the Home Secretary having to decide between bookmakers and racing, especially as the responsible minister, Mike O'Brien, (who has replaced the popular George Howarth) has admitted that he is no expert on the complicated question of the levy.

So angry was Peter Savill, chairman of the BHB, with what he called his Levy Board colleagues' betrayal' of racing that he took a full-page advertisement in the *Racing Post* of 4 November to ask the Board's chairman, Rob Hughes, to explain his decision. The respected journalist Howard Wright commented on 5 November that the advertisement "will rank alongside those broadsheet ads by banana republics which explain why they continue to sanction public flogging." (*Racing Post*, 5 November 1999).

The advantage of an agreement is that racing and bookmakers can now form a short-term alliance, during which they can jointly lobby the Treasury for a reduction in betting tax and ponder how the antiquated levy can be replaced with some less anachronistic means of funding racing. Since off-course tax in Ireland was reduced from 10% at the beginning of July, and on-course tax abolished, Irish betting shop turnover is 50% up and on-course 33% (according to Richard Evans in *The Daily Telegraph*, 27 September 1999).

There is a widespread realisation that the levy is an outmoded and cumbersome way of funding racing, and a corresponding (though perhaps less widespread) understanding that one way forward lies in racing's negotiating a "price for the product" directly with the bookmakers, without the intervention of the Levy Board. This direction was pointed out by Christopher Haines, first-ever chief executive of the Jockey Club, some years ago, and has now been rediscovered by Peter Savill.

## **2 New Friends for Racing**

An interview in *Racing Review* October 1999 shows that William Hague is interested in racing. He favours a rapid tax cut and major change in racing's funding, without any Home Office participation, but with bookmakers and the racecourses directly negotiating the bookmakers' contribution. Sports Minister Kate Hoey is also interested, though perhaps too junior to play a decisive part in any governmental deliberations.

Racing and smoking continue to get on well, with Rothman's the new sponsor of the St Leger, and the new independent director of the BHB, Martin Broughton, being chief executive of British American Tobacco.

Robert Sangster has lost his sponsorship from Grosvenor Casinos, because now that advertising is allowed Grosvenor can find opportunities elsewhere. Sangster needs to find a new sponsor in order to continue to reclaim VAT paid on training bills. Grosvenor is continuing to sponsor the Dante stakes at York and two races at Goodwood.

The Wiggins Group, one of the six most serious contenders to build a new racecourse, would like to build one at Fairlop Waters, but is facing stiff opposition from the Aldborough Hatch Defence Association.

## **3 The Internet**

Racing interests have realised the importance of the Internet (see the *Racing Post's* exhaustive supplement, 22 October 1999). The BHB has no power to direct racing's reaction to it, but is setting up an action group to address the matter with France, Ireland and the USA.

The way forward may well be to sell pictures to the Internet, which Graham Parr of Arena Leisure believes will earn more for racing than the bookmakers ever collected from the punters and passed on in the form of levy. Squabbles are now developing about who should share in the proceeds. Racecourses, who own the land on which the events take place, and the BHB, which provides the associated text, have the primary rights, but owners claim that without them there would be no events, and are demanding their own share. Racecourses, not unexpectedly, reject the owners' arguments.

An additional complication is that Arena, owner of five racecourses, plans to set up its own Internet betting facility in time for next year's Grand National, perhaps in association with the Racecourse Association (RCA), and with a 5% deduction being handed to the racecourse. The resourceful Graham Pan envisages such a facility

being tax-free and based in the USA or Australia., but RCA is nervous about teaming up with one racecourse owner. It points out that other companies are in the running; says there is no reason to give one company the exclusivity for all 59 racecourses and asks what part the Tote would play in any such plan?

#### **4 New Publications**

In September Stephen Yorke (former investment banker and Conservative parliamentary candidate) launched Sports Adviser, a specialist publication and web site to advise punters, with approval from the Securities and Futures Authority, on their spread bets. Social anthropologist Kate Fox's The Racing Tribe was launched early in October.

#### **5 The National Lottery**

Chris Smith, still surviving as Labour's cultural commissar, has not forgiven Camelot for getting the better of him, when as a brand new cabinet minister, he attacked the directors' fat cat salaries. Now he has said that levels of remuneration will be a factor in the decision about who wins the next licence, which the government is expected to make by June 2000. There is a substantial lobby in the government favouring a not-for-profit lottery, though no-one has tackled the question, posed by Camelot's chairman, Sir George Russell, about who would pay any losses such a lottery might incur. As he points out, (The Sunday Telegraph, 31 October 1999) it is not difficult to lose the penny in the pound which is Camelot's present profit.

Camelot outlets caught selling contraband alcohol and cigarettes are to have their National Lottery machines removed.

*The Times* (August 31 1999, p.51) drew attention to declining budgets for health, education and culture since the introduction of the Lottery. It acknowledged that a causal connection could not be proved, especially in the light of stout denials that substitution was taking place. Nevertheless, it thought the figures at least highly suggestive, particularly in the case of Culture, Media and Sport.



# ARE ALL MEN EQUAL ON THE TURF AND UNDER IT?

**Rebecca Cassidy, Department of Social  
Anthropology Cambridge University**

This paper argues that one of the attractions of betting on racehorses is that it enables the negotiation of class differences. It describes betting as a source of images of social mobility and equality in contrast to the fixed nature of social relations in the racing industry. It takes to task the favourite saying of the racing fraternity, that, 'all men are equal on the turf and under it'. It draws upon fieldwork spent with two groups of punters who can be found in any British betting ring: 'mugs' and professionals.

The laws governing betting in Britain were codified along with the rest of the rules of racing in the eighteenth century, and reflect a separation between those perceived as capable of betting without ill effect (the rich), and those who must be protected from themselves (the poor). The sensual pleasures (and pains) of betting are condemned by the professional gambler, who strives instead to maintain a 'stiff upper lip', and is 'the same in victory as defeat', thereby associating himself with the upper-class producers of racing, and distancing himself from mug punters who 'wear their hearts on their sleeves'. It will be suggested that many aspects of contemporary betting on horseracing can be explained by its inception as an aristocratic sport, rather than a betting medium.

## **1 The Current Relationship Between Horseracing and Betting**

Prize money in horseracing is funded by a levy raised on the betting turnover of bookmakers, the profits from its own betting enterprise, the Tote, and by contributions from racecourses (16.4%), sponsors (20.8%), and owners (16.6% in 1999). The Horserace Betting Levy Board (HBLB), established in 1961, distributes the Levy that is collected from punters by bookmakers as part of General Betting Duty (GBD). GBD is charged on all legal off course betting, and can be paid on the stake or on winnings. It consists of a 9% deduction of which 6.5% goes to the government and 1.75% goes to the HBLB. The Levy contributed 45.4% of total prize money in 1999 (*Racing Post* 24/3/99: 9).

Contemporary British horseracing is thus funded to a great extent by reductions from punters, a position which sits uncomfortably with those members of the society who continue to imagine racing through the power relations which informed its early history. Traditionalist racing society prides itself on 'sport for sport's sake, explicitly comparing this higher pleasure with the base pursuit of profit through betting:

Betting isn't about sport, because only the result is important, not the means. Watch a chaser go round Aintree, all guts, bravery, courage. I

want the horse to win because it deserves it. Punters only want the result and they want it to win so that they can collect. They miss what's beautiful and important about racing and only see what they can grab. They exploit racing. (Owner)

The antagonistic relationship between the betting fraternity and members of the racing establishment such as owners and trainers has led to the construction of opposing identities in terms of those features each side feels constitute their most significant differences:

Punters aren't part of this game - they are only interested in what racing can do for them without any effort. Real racing folk invest in racing by investing in the breed, and I don't just mean money. I mean blood, sweat and tears. (Breeder)

I think when you buy or breed a racehorse you have to leave your brain as a deposit. Racing wouldn't exist without betting. It's what it's for. They service our needs. (Punter)

## **2 The Historical Relationship Between Bookmaking and Horseracing**

Betting is the manure to which the enormous crop of horse-racing and racehorse breeding in this and other countries is to a large extent due. (Black 1893: 349)

Many historical commentators accord Harry Ogden the distinction of 'father' of modern bookmaking (Chinn 1991: 40, Munting 1996: 89). Bookmaking is a relatively recent form of betting which was enabled by the increased number of runners in races throughout the eighteenth century, from the matches (two horse races) of the preceding era to the sweepstakes (multiple runner races) found today. Bets struck on matches were generally between the owners of the horses and his friends or other interested parties. Spectators were not encouraged at such affairs, those on foot, in particular, were effectively excluded by moving the race elsewhere, further away from prying eyes.

The nature of horseracing changed fundamentally in the nineteenth century:

At the beginning of the nineteenth century horse racing was basically a national sport carried out on a local level. Generally meetings were annual affairs intimately associated with local holidays ... by the end of the century racing drew its spectators from far and wide, the carnival atmosphere had been dampened down, and the sport had become much more commercially oriented. (Vamplew 1988: 56)

There was a marked increase in the popularity of racing as a spectator sport, and in the attendance of race meetings, providing opportunities to raise gate money through the enclosure of the racecourse, first attempted at Sandown Park in April 1875 (Vamplew 1988: 57).

With the expansion in spectator attendance, and the diversification of the gaming entrepreneurs into bookmaking, an antagonistic association was born, which continues to inform the relationship between racing and bookmaking today.

Thus Newmarket and Epsom had ceased during the eighteenth century to be the exclusive preserves of the aristocracy and gentry, and had become also the hunting ground of optimists, crooks and upstarts who were in search of riches. (Blyth 1969: 39)

This time of upheaval, however, rather than breaking down the existing class based division of labour in racing merely served to reinforce the distinctions as racing society dug in its heels in response to the onslaught of 'crooks and upstarts'.

### **3 'Mugs' and Professionals**

At most tracks in Britain the racegoer will encounter groups of men who go racing together, and who spend their time in the bar, behaving in a rowdy, but usually good-natured manner. They place bets on all of the races, of amounts greater than £5, they celebrate wins within the group with alcohol, and enjoy indulging in sexual banter:

swearing and sexual conversation bound the men together. As a topic on which most men could support a conversation and as a source of jokes, sexual talk and gesture were inexhaustible. (Marsden 1968: 75)

Singing, betting and drinking are only temporarily interrupted by altercations with other groups of men at the bar. Typically, a few words would be exchanged whilst jockeying for position. Perhaps an individual would be singled out as taking up a lot of room, or having especially sharp elbows. Whilst the groups would 'square up' for a moment or two, it was left to the 'diplomat' of each group to rush over and avert trouble, saying, 'Come on lads, no harm done, let's get a drink.'

The majority of the members of these groups would be described by my professional punter friends as 'mugs'. Describing non-professionals as 'mug' punters is driven by the professional gambler's self-image as the intellectual of the racecourse:

Every time I leave the racecourse at the end of a day's work, with a profit tucked into my zipped pocket, I offer a silent thank you to the mugs who make it possible - my fellow punters. Overall I regard the rest of the crowd with contempt, and use the term 'mug punter' as a collective noun in much the same dismissive way as I might say 'Arsenal supporters'. (Potts 1995: 16)

'Mugs' are identified by their betting behaviour:

Mugs give in to the temptation to bet, even when they haven't thought the race through ... Mugs bet for the thrill ... They don't admit when they were wrong, they make excuses for themselves ... Mugs go crazy when they win and they're suicidal when they lose. (Professional punter)

It was easy to dismiss my professional gambler friend's description of the mug as a fiction based upon the negation of behaviour becoming to a 'pro', but their predictions proved far more accurate than I had envisaged. An afternoon at the races for groups of twenty-something, single men consisted of a series of highs and lows, continuous drinking, a visit to the betting ring ('I wouldn't be seen dead betting with the Tote'), and a view of the race, usually on a monitor rather than in the flesh ('you can see more on the telly').

Watching a mug watch a race is a fascinating experience - confidence turns into uncertainty, into hope and finally into disappointment. Mugs with a horse in contention in the closing stages of a race often ride a finish, eyes fixed on the screen, arms pumping backwards and forwards, accompanied of course, by the battle cry: 'Go on my son!' When the winner crosses the line the successful punter invariably punches the air in triumph, shouting 'Yessss!' or perhaps 'You Beauty!'

Mugs continually contradict the opinions of trainers and commentators. These racegoers most closely resemble the gamblers described by Zola, observed in a bar in a large New England city in the early 1960s. Zola describes how betting on horseracing in 'Hoffs' tavern gives the men an opportunity to assert a positive identity which is denied to them outside the confines of the bar and its shared conventions:

gambling is more than a mode of communication. It creates a bond between men - a bond which defines insiders and outsiders. (Zola 1967: 22)

However, on the racecourse, stratification extends to the betting community no less than the professional racing community, and what unites some groups of men who bet also serves to distinguish them from others. Mugs on course, and gamblers in Hoffs, unite against the bookmaker in ways that the professional would find unseemly. Professionals see bookmakers as colleagues, and acknowledge that they make their money, not from the bookmaker, but from the mug punters who bet without skill or reflection. Bookmakers and professionals share more than either has in common with the mug, but despite the apparent difference being that of betting for pleasure or business, the mug does not see his betting as purely recreational. The mugs treat betting as a 'serious business', and act accordingly. Mugs sit in the bar smoking and drinking with an intensity which suggests that they are nervously awaiting results in which they have a large stake, as they presumably imagine a professional would. They do not drink for pleasure, but to express to the rest of the bar the extent of their financial involvement in the race.

My experience of betting with professionals is that they come racing alone, they may have a pint with their lunch whilst they go over the bets they have prepared the previous evening, they watch the race from the stands or out in the country with binoculars, and they must see the horse in the paddock and down to the start before placing their bet. There is very little time for puffing, drinking and looking anxiously at television monitors, and this would certainly not be done in such a public place as the bar. The young men who dominate the public areas of the

racecourse, often drinking and smoking are not the high rollers, and the image they project is anathema to the professional, who, I would suggest, they seek to emulate.

The mug's opposition to the bookmaker is complemented on the racecourse by a condemnation of jockeys and trainers, even to the extent that a race may be seen as 'fixed'. The mug's paradoxical belief that racing is fixed reflects his lack of consistency that is the fault that most offends the professional punter: 'They say that racing is fixed. Well if you think that and still bet then you really are a mug' (Professional punter). Of course, corruption is just one part of the mug's ideology, which can accommodate glaring inconsistencies when employed in such an unsystematic fashion. Winning is thus explained in terms of knowledge or perhaps inside information, whilst losing is explained in terms of corruption, bad luck, or the misjudgement of the jockey or trainer. These explanations are often accompanied by an exasperated mug declaring that: 'I knew it would get beat, I said to you I fancied the winner didn't I?', because in the course of discussing the race almost all of the runners will be mentioned and so at least one mug will have the opportunity to claim 'the one that got away'.

#### **4 The Professional**

The professional gambler who gave me the best tips was a single, middle-aged, bespectacled, Renault driving, ex-computer trouble-shooter. He is well known and highly respected, having written several popular betting manuals and contributed to a successful telephone tipping line. His accounts for the first half of 1999 show a profit of £50,000. The time we have spent together has reinforced my impression that the professional gambler has assumed many of the qualities admired by historians of this century in the 'sportsmen' of the eighteenth century racing aristocracy, specifically in his construction of an identity in opposition to the mug punter and in the desired response to winning and losing:

A 'good sport' will take a 'sporting chance' with his money and will demonstrate his sportsmanship by showing neither regret at losing nor elation at winning his wagers. A 'poor sport' usually refuses to gamble at all. Or if he does so, his response to the outcome is unseemly. (Herman 1967:83)

Crockford soon discovered that his own temperament was well suited to gambling because he was bold without ever being rash, and systematic without being overcautious. (Blyth 1969: 51)

My informant takes great pride in the fact that it is impossible to tell whether he has won or lost by his reaction to the finish of a race. The more he emphasised the absence of a reaction, telling me that he had to put on a show of excitement for a television crew who had followed him for a day, the more I wondered what could possibly be behind this condemnation of expressive reactions to results. This 'underplaying' belongs to the same family of conventions as the 'poker face', and the self-effacing acceptance of awards with understated humility. However, although a poker face may have an instrumental value in the course of a poker game, celebrating a win obviously cannot affect that result. Celebrations in Hoffs were

restrained, either by the winner himself, or by his peers: 'stop acting like a jerk' (Zola 1967: 23). Zola explains this temperance as follows:

In de-emphasising emotionality, monetary gain, and competition not only were several basic sources of hostility often emanating from gambling eliminated but, at the same time, attachment to the 'group at Hoffs' was thereby reaffirmed. (Zola 1967: 23)

However, the restraint shown by the professional serves to differentiate him from the amateurs surrounding him on the course. He distinguishes himself from social racegoers and mug punters by exhibiting control. He strips gambling of all its thrills and excitement in order to control the process itself. By reacting consistently to results whether winning or losing, the professional diffuses the power of the bet to control the punter. As he told me: 'I am not betting for the thrill, I am betting to make money. Mugs enjoy the thrill of the bet more than they do winning. I only know about winning.' This professional believes that the punters from whom he makes a living willingly submit to the excitement of the gamble itself, whilst his activities are opposed to this sensuous pleasure. In this way, betting becomes work, and an instrumental pleasure, not an end in itself.

The professional's condemnation of the mug echoes ideas that informed upper class descriptions of lower class activities in the late nineteenth and early twentieth century.

The self-taxation of the poor, the amount wasted by recklessness, ignorance, credulity and misplaced suspicion, by the lack of temperance, foresight and self-discipline would satisfy an oriental despot. (Loane, quoted in McKibbin 1990:171)

By reproducing this discourse the professional aligns himself with the supply side of racing - the upper class society with whom the mug is in competition.

## **5 Conclusion**

The racecourse is 'Where the action is' (Goffman 1969), more so than the average betting shop. Betting on horseracing does not have the inherent ability to provide a medium for the enhancement of personal identities. However, the racecourse itself is a place capable of imbuing betting with significance as a result of its place in the imagination of racegoers, and the historical and contemporary relationship between racing and bookmaking. The characters of the racecourse, such as the tic-tac man, the bookie and the professional, not to mention royalty and the aristocracy, the jockeys, trainers and horses, make betting on course a suitably complex and dramatic endeavour through which people may choose to express their knowledge and risk-taking capacity. Mugs express this ability by behaving as they imagine a professional punter would. Professionals rarely display their risk-taking, preferring to show confidence and indifference that strips betting of its uncertainty, and thus its ability to move. In doing so the professional aligns himself with the producers of racing, and distances himself from the mug - its consumer.

Despite the real competition on the racecourse being between punters, mugs view the bookie as their adversary. I have suggested that the bookie is in fact a scapegoat on two levels. The bookmaker deflects the uncomfortable truth that one mug's winnings are another's losses. This unites the mugs at the course in a way that is consistent with a companionable day spent at the races. Secondly, bookmakers stand in for the upper class producers of racing whose capacity to predict the outcome of races on the grounds of breeding and training is contradicted by the very practice of betting.

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# GAMING ON THE INTERNET

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## **1 Some Internet Facts**

When talking about Internet gaming, two things are quite apparent. Firstly we are not talking about the future - Internet gambling is well and truly here. Secondly, the Internet is not simply another business opportunity - it is fundamental to the way in which all business will be driven in the future.

In five years, the World Wide Web has become a global platform for the convergence of information, communications, entertainment and e-commerce activity. In the UK this growth means that by the year 2000 some 12.5 million people in the UK will have access to the Internet.

Worldwide, the online audience is over 200 million consumers, with the following split between main regions:

USE and Canada	110 million
Europe	50 million
Asia/ Pacific	35 million
Latin America	5 million
Africa	2 million
Middle East	1 million

The audience can be reached from any site on any server based anywhere in the world and represents a vast market opportunity for anyone seeking to provide e-commerce solutions, as computer literate consumers are typically more educated, wealthier and more time-poor than the average.

For example, in the UK, it is estimated that 25% of men in the AB socio-demographic segment are already online (NOP March 1999).

For such consumers the Internet is increasingly seen as a quick and economic alternative for purchasing goods and services.

Dataquest estimated that global online spending in the fourth quarter of 1999 would reach some \$12.2bn with one third of this spending coming from outside of North America. Of this figure approximately 25% relates to the business-to-consumer market.

The two impediments to the growth of the consumer e-commerce market - Internet access and trust in security of the online transactions - are fast being eroded and banks and credit card companies see this as a major commercial opportunity.

Free access providers are now expanding beyond the UK to Europe and even the US, and are firmly establishing Internet access as a must-have consumer purchase.

## **2 Online Betting**

Whilst all estimates of revenues from any online activity should be treated with caution, some analysts have estimated the 1997 global gambling market to be as high as \$1bn (including online casino) with just over \$500m coming solely from US and Canadian punters.

Growth projections are even more staggering, with some estimates of the global online gambling market reaching £20bn per annum by the year 2002.

Such an audience provides a substantial opportunity for any business seeking to provide online betting which itself offers awesome key benefits:

- a 24 hour audience
- the lowest cost per delivery of any distribution system; and
- low user effort, in that once gamblers are online, the effort needed to place and manage bets is considerably lower.

It also offers a degree of anonymity to encourage first time users.

Let it be made clear at this stage that although we are primarily talking about the Internet, in fact with the convergence of delivery platforms, we are talking about what can broadly be described as on-line services. Internet technology offers access to a whole host of interactive platforms, via the PC, digital TV and now mobile phone WAP technology. Form, racecards, news, prices, live action and bets will all be available across a host of interactive services, probably with a single customer account spanning all.

So we have a rapidly developing new market opportunity that is truly global. It brings with it a whole new set of challenges that may well threaten the existing betting hierarchy. Conversely it presents massive opportunities, not confined to existing market leaders. Whatever the current market size it is only the tip of the iceberg of tomorrow's on-line activity.

## **3 Jurisdictions (or lack of them)**

There are no jurisdictions on the Internet. It is an open market, ungoverned by rules, which in turn presents massive opportunities and indeed threats to conventional business models, including betting.

The world wide web simply does not recognise national boundaries, nor the law and conventions that are contained within them. It is essentially a vast, free market, although any individual Internet user can of course be subject to the laws of their own country provided it can be proved they have contravened them.

There are some forms of possible control over the Internet. Most sites need to use of the major ISPs (Internet Service Providers) who provide the communication

structure to the Internet, including companies like Energis, C&W, BT and Colt. At some stage this may be a way of monitoring and controlling activity, but we are some way from this.

It is the very lack of jurisdictions that make this market so exciting for entrepreneurs, who can optimise the commercial opportunities unhindered by the level of infrastructure and legislation that exists on the ground.

## **4 Opportunities and Threats**

Let us therefore consider some of the opportunities and threats these developments present.

### **4.1 Taxation**

Tax is probably the easiest and best publicised place to start. UK bookmakers in the main levy a 9% service charge from punters and pay 6.75% tax and course levy on horseracing to the UK government and Levy Board respectively.

Set up your server (and /or company) offshore and you are already 6.75% better off with an increasing number of nations, from Alderney to Gibraltar, to the West Indies to Australia to Liechtenstein etc, happy to grant tax free or tax reduced licences.

To the UK customer this represents an immediate advantage over any UK based operation and to a world market - well frankly they will not expect to pay tax in the first place.

Any serious Internet bookmaker will ultimately have no choice but to site offshore. Then those UK based operators will have only two decisions to make (does it pay tax on the UK governments on bets taken from UK residents) and does it continue to pay the levy.

The bigger problem, well documented, is how many traditional British punters will shift business to tax free Internet bookmakers. This in my view will accelerate ahead of normal Internet e-commerce growth, because there is an obvious and tangible benefit to the punter motivating the change.

Tax will become a non-issue (in that everyone will bet tax-free) unless regulation focuses on the punter and not the offshore bookmaker. Unless that happens and the individual becomes liable for the tax, no serious player will be able to charge tax because it will simply price them out of the market.

There are obviously a number of opportunities for government action to retain this business. However if you follow the simple logic that gambling is going to be one of the main e-commerce Internet businesses and if the UK government is serious about staying at the forefront of online business, it cannot ignore this one for too long.

## **4.2 Internal competition**

This in turn leads to a worry about internal competition from traditional bookmakers seeking to embrace this new market. Are they switching their own customers to a lower margin business. There is bound to be an in-built reluctance to fully embrace the new market, which is why major players have been slow to launch full services. The only way to succeed is to set up a separate business with no embargoes on competition with other divisions. The competition is out there in cyberspace, not in the UK high street.

## **4.3 Infrastructure**

Infrastructure is the next main issue. The Internet is all about technology and little about manpower. That makes cost of entry low, and allows start-ups to compete much more easily. The cost of software and hosting compared with managing retail or even a telephone service is small. It is up-front investment and significant technical expertise with relatively low ongoing overheads, certainly when compared with a retail business.

From automatic funds clearance and payouts, to customer database management it is about technology. There are new skills to learn and customer database marketing is one of them, but all in all this low cost of entry is a major threat to established players who have vast overheads associated with traditional businesses.

## **4.4 Marketing and brand name**

Marketing and Brand name issues also need addressing. The big three bookmakers are famous in Britain and virtually unknown in the rest of the world. How therefore do they translate their USP to a foreign audience? The Internet is so vast that traditional marketing techniques simply do not work. It is the adept marketer and not necessarily the one with deepest pockets who will succeed.

Amazon is already the biggest bookseller in the world and yet it did not exist three years ago. An Internet brand cannot rely on a terrestrial pedigree.

## **4.5 Innovative marketing**

Innovative marketing is also both a threat and opportunity. This is a new adventurous audience. It is closed to the spread bet bookmakers more creative markets. Technology will allow one to present information in a more flexible way. Our Totalbet virtual shopping basket for multiples automatically shows you all the combinations and costs as you proceed. You can change a selection at will, or a stake, so you are always in total control. Bookmaking winners will exploit the new opportunities technology brings to make punting easier, more informative and more fun.

## **4.6 Gaining Internet traffic**

Gaining Internet traffic is another potential threat. How do bookmakers get customers in the face of every sport site believing they can simply offer their own

booking to their own customers? Planet Football (who manage most of the major football club sites) have been bought by Sports Internet who then bought Surrey Racing to provide bookmaking services.

We ourselves have tied up with the Tote and drive traffic from our own site to Totalbet.

Traffic is about providing services that customers want and sports sites are ideally placed to drive customers towards betting opportunities.

#### **4.7 Price comparison**

Price comparison and the threat to margin is another major change brought about by the Internet. Currently a punter can check the *Racing Post* newspaper for the next day's expected bookmaking prices.

On the Internet you can call up every betting service in live time on one screen and select the one offering the best price. There is inevitably going to be margin erosion. Again the more adept bookmakers will take advantage of this and have technology checking the latest paces and reducing accordingly.

I personally find it difficult to believe that on-line bookmakers are going to limber up alongside each other to display their prices in one of the 'on line marketing price rings'. And in fact believe that there will be brand loyalty and service differentiation that can win loyal customers. However, no one will be able to exist without being price competitive and margins will be eroded.

#### **4.8 The virtual betting shop**

The virtual betting shop is already with us. If price comparison will drive some sophisticated punters, others will want to bet mainly with a service that provides them with exactly what they want: form, extremely detailed statistics, and instant e-mail when their top horses are running, live audio or video action, fast results in-depth analysis and tips. Someone is going to devise the perfect betting shop in cyberspace and they will win customers. Again, it's a new battle in a new medium,

These are just a few of the threats and opportunities. Every threat represents an opportunity for someone else. However, in the main, the threat is to the old hierarchy because they have most to lose, and the opportunity is for new players because they have the most to gain.

### **5 Marketing**

We talked about marketing developments but let us briefly now look at what is required to establish an Internet presence.

Firstly, Internet marketing needs precise targeting because you have to get a vast and disparate audience to find your target. It is easy to waste money with poorly targeted campaigns.

This is a problem trying to reach a UK audience, and an even bigger problem operating in a worldwide market.

In the UK there has to be an equal balance between conventional above-the-line media: posters, press and probably TV with an on-line presence on major sporting sites, search engines and probably the new and rapidly evolving free access portals of which Freeserve is an example.

However on the Internet it is already clear that conventional banner advertising inviting and simple click-through is no longer a cost effective way of reaching a price-wise audience. Frankly there is so much to look at on the Net that there is little reason for someone to click through to what is obviously an advertisement. There has to be proportion. Not `Bet with us' but Bet on Chelsea to score first at 5 to 1. In other words the secret will be to tie the advertising into the live service. If you advertise on Manchester United's club page, make sure you have some great markets on the Reds. It is a much more proactive advertising market, appealing to an audience who are far more in control of their own movements and selection than your average newspaper reader.

Who knows where to advertise to a world audience? You will not find betting adverts on US sites so you need to reach that market by non US sites that nevertheless appeal to a US audience. Likewise we simply at this stage do not know what the Malaysians are clicking on to on the Net. However, we need to find out as they are probably going to be a major source of Soccer betting. In all likelihood we will need to advertise in their language on their most popular sites.

Sporting Life are a good example of the type of site to reach a world audience attracted to betting on European sport, with 35% of customers already from overseas. With several million people having visited our site in the last year we have a significant base on which to build.

One thing is for sure: to win in this market any bookmaker has to have deep pockets.

## **6 The Future**

Will on-line betting and gaming be big business? The answer to this is undoubtedly a resounding Yes!.

Just like banking and shopping a huge part of these markets will move online. Convergence of technologies will rapidly increase this move. You will bet through your computer, TV, mobile phone or palm top and no doubt eventually through your wristwatch.

Who will be the winners? Frankly, I have no idea. Theoretically in a world market the winners may not come from the UK, but of course the established players such as Ladbrokes, Hills, Corals and the Tote have a great chance to dominate this emerging market, as they dominate conventional betting. However, it is now far easier for new competitors to emerge not necessarily from within the ranks of conventional bookmaking.

Will the government reduce tax to allow British based bookmakers to compete? In my view they must do or risk losing a substantial means of future revenue to the UK. The market will switch from national to global and they will want to play a part, especially as it fits within the government's own high tech aspirations. They may however choose a compromise and differentiate between the tax UK citizens pay, and others. No doubt though, a cyberspace company will grow up offering virtual addresses and bank accounts so one will have no idea where that punter is resident.

Here I differentiate the Internet from Interactive TV markets, where more control can be imposed on those within the UK. Again however convergence will blur the boundaries between TV and computer. This will almost certainly result in the relay of a worldwide Internet service across a national TV channel. Control will again be difficult.

So the industry perspective says we need to be extremely flexible, to move extremely quickly and to address this market in a completely new way. The winner's rewards will eventually dwarf the returns of the current UK betting industry.



# INNOVATIVE GAMBLING SCENARIOS WITH PREVENTIVE POSSIBILITIES

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Legendary psychotherapist Milton Erickson was once (maybe twice) asked why he was successful with patients that other therapists had failed. Milton (allegedly) replied, 'I create a new theory and a new therapy for each new patient'. The purpose of the scenarios described here is to expand the possibility-thinking of care givers who work with problem gamblers or with potential problem gamblers and to inspire them to create real-life scenarios that will benefit their clients and the clients' families.

## **1 The ideal -No gambling - scenario.**

Here individuals do not wager at all. They engage in other activities which provide the same or greater pleasures. It is the caregiver's responsibility to help the gambler discover pleasurable alternatives to gambling (Kusyszyn, 1976a, 1976b, 1980, 1983, 1984, 1985a, 1985b, 1990).

It is recognized that many gamblers will not find alternatives to gambling appealing. The following innovative scenarios suggest ways in which the gambler can continue gambling yet not lose money, or at least leave the money with friends or keep the money within his/her community.

## **2 The Mind, Paper or Pretend Betting Scenario.**

Here the individual makes fictional, mind or paper bets. That is, he pretends to bet by recording his fictional bets on paper. 'I'll bet \$100 that Brazil will defeat USA today.' No actual money is wagered in this scenario. All the individual can lose is his/her mind-bet, but never their mind (hopefully).

## **3 The Bet Buddy**

This scenario is my personal favourite. Here real or pretend money may be wagered with a friend. The Bet Buddy may be a spouse or other family member. The benefit of this scenario is that the money is kept in the family or between friends. The money does not go to a third outside party. In this scenario the bet buddies can actually attend the races and bet on every race (with each other) without leaving their seats! Essentially, the buddy acts as the gambler's bookmaker and may return all the gambler's losses to him.

## **4 The Home Casino**

Here the family has their own mini casino in their home and all betting is done at home, and all the money stays at home. The mini casino may hold a slot machine, blackjack table, or any other game the family members enjoy.

## 5 The Community Casino

This is a variation of the church Bingo or Friday Night Poker Party. The residents of the community wager in their relatively small and friendly local public Community Casino and all the money stays in their community. A natural progression (or regression!) would be to transform the current church bingo games into casinos operated by the church. (Rumour has it that the Vatican currently holds shares of certain European casinos).

## 6 Wagering Clubs

As in traditional Card Clubs, interested persons could form a private Wagering Club, democratically electing officers and democratically admitting members. All monies lost would go to the Club. However, the club would be non-profit. Club members could purchase shares in the Club and redeem them for cash or credit. Or each member's total amount wagered (action or volume) could be recorded (as it is now in many casinos) and members could get rebates or other prizes relative to the amounts lost. The club members could also vote to donate some of their losses to local charities or to community projects.

There you have them. Gambling scenarios to help gamblers save their money, rescue their lives, and relieve their families from monetary conflicts. However, a word of caution. This writer is not inclined to believe that such scenarios will be readily welcomed by gamblers, by their friends or families, or by their communities. However, if one of the six scenarios is embraced by only one out of ten gamblers we as care givers can take pride in having made a positive contribution to problem gambling.

Note: I thank my prize student- Lily Eskandari - for inspiring the scenarios.

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