

How bookies make your money

Philip Newall
University of Stirling

Abstract: UK bookies (bookmakers) herd geographically in less-affluent areas. The present work shows that UK bookies also herd with the special bets that they advertise to consumers, both in their shop window advertising and on TV adverts as shown to millions of viewers. I report an observational study of betting adverts over the 2014 soccer World Cup. Bet types vary in complexity, with complex types having the highest expected losses. Bookies herded on a common strategy of advertising special bets on two levels: by almost exclusively advertising complex bet types with high expected losses, and by advertising representative events within a given complex bet type. This evidence is most consistent with bookies' advertising targeting a representativeness heuristic amongst bettors. Bookies may know how to nudge bettors toward larger losses.