

## **Submission by Landman Economics to DCMS Review of Gaming Machines and Social Responsibility Measures – Call for Evidence**

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### **Introduction**

Landman Economics is an economic consultancy which was established by Howard Reed (formerly chief economist at the Institute for Public Policy Research, and a programme director at the Institute for Fiscal Studies) in 2008. Landman Economics offers economic consultancy, research and analysis for a range of clients including NGOs, trade unions, think tanks, government organisations and the private sector. Recent clients for Landman Economics Research have included the Equality and Human Rights Commission, Oxfam, Action on Smoking and Health (ASH), the Joseph Rowntree Foundation, the University of Southampton, the Open University, the Association of British Insurers, the Trades Union Congress (TUC), the Fabian Society and the Scottish National Party. More information on Landman Economics can be found at [www.landman-economics.co.uk](http://www.landman-economics.co.uk).

This submission to the DCMS Review of gaming machines and social responsibility measures makes use of Landman Economics's research on the impact of Fixed Odds Betting Terminals (also known as B2 Gaming Machines) and includes several Landman Economics reports for the Campaign for Fairer Gambling ([fairergambling.org](http://fairergambling.org)) which contain evidence relevant to the submission. These are included as appendices to the submission as follows:

Appendix 1: *The Economic Impact of Fixed Odds Betting Terminals* (originally published April 2013, revised and updated November 2015)

Appendix 2: *Fixed Odds Betting Terminals, Gambling and Deprivation: A Review of Recent Evidence From the Association of British Bookmakers* (April 2014)

Appendix 3: *A Review of the Local Data Company's Report "An independent analysis of betting shops and their relationship to deprivation along with their profile relative to other high street business occupiers"* (November 2014)

Appendix 4: *A Review of the DCMS Evaluation of the £50 Regulations for B2 Gaming Machines* (April 2016)

Appendix 5: an advertisement "When The Fun Stops, Stop" published by the Senet Group in "The Week Magazine", 18<sup>th</sup> June 2016, p25.

**Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government's objective set out in this document? Please provide evidence to support this position.**

Landman Economics recommends that the maximum stake for B2 gaming machines (also known as Fixed Odds Betting Terminals or FOBTs) should be reduced to £2. This is based on the findings from its report *The Economic Impact of Fixed Odds Betting Terminals*, which analyses the impact of FOBTs across a number of outcomes and finds that:

- FOBT users are much more likely to be 'problem gamblers' and much more likely to contact gambling helplines due to gambling addiction or other related problems than almost all other types of gamblers.
- FOBTs do not create as many jobs as most other types of consumer spending. An increase of £1bn in consumer spending on FOBTs destroys over 16,000 jobs in the UK compared to a situation in which that £1bn was spent on other consumer goods and services.
- Increased proliferation of FOBTs appears to be linked to an increase in the number of incidents in betting shops which required assistance and/or intervention from the police.
- Recent claims by the Association of British Bookmakers on the impact of reducing the maximum stake for FOBTs are seriously flawed, and exaggerate the negative impact which a reduction in maximum stake would have on the betting industry.
- There is a substantially higher concentration of FOBTs in the most-deprived areas of the UK compared to the least-deprived areas.

The evidence from the report on the impact of FOBTs and the maximum £100 stake in particular, is summarised below. More detailed evidence can be found in Appendices 1, 2 and 3 of this submission as referenced below.

## **Background**

FOBTs only began to be installed in betting shops in the early 2000s but have grown quickly since then as a source of revenue. In 2011/12 FOBT gambling overtook traditional Over-the-Counter (OTC) betting as the main source of revenue from betting shops for the first time. Currently gross revenue from FOBTs is growing at around 5% per year in real terms, while employment in the betting industry is in decline (Appendix 1, p7).

## **Impact of FOBT usage**

Only a small proportion of the UK population use FOBTs – around 3 percent of adults in the 2012 Health Survey for England (HSE) and around 4 percent of adults in the 2014 Scottish Health Survey (SHeS). However, FOBT users are much more likely to be 'problem gamblers' and much more likely to contact gambling helplines due to gambling addiction or other related problems than are almost all other types of gamblers. FOBT users are particularly likely to be young men (aged under 35), unemployed and/or from low-to-middle income households. (Appendix 1, pp8-9).

## Impact of FOBTs on job creation and tax receipts

The Association of British Bookmakers has claimed that increased regulation of FOBTs would lead to substantial job losses in the betting sector<sup>1</sup>. However, this view does not take account of the *overall* impact of a shift in consumer spending towards FOBTs and away from other goods and services. Each pound which a consumer spends on FOBTs (net of winnings) is by definition a pound which is not spent elsewhere in the economy. In its November 2015 report on the economic impact of FOBTs, Landman Economics estimated the amount of employment supported by a certain quantity of expenditure on FOBTs compared with the employment supported by the same quantity of consumer expenditure on other goods and services in the economy. (Appendix 1, pp10-15).

Because expenditure on FOBTs supports relatively little employment compared with consumer expenditure elsewhere in the economy, the analysis concluded that £1bn of “average” consumer expenditure supports around 21,000 jobs across the UK as a whole, whereas £1bn of expenditure on FOBTs supports only 4,500 jobs in the UK gambling sector. This implies that, other things being equal, **an increase of £1bn in consumer spending on FOBTs destroys over 16,000 jobs in the UK.** The results in the Appendix 1 report suggest that, if current rates of growth of FOBT expenditure are maintained:

- Gross industry revenues from FOBTs will double in real terms over the next ten years, resulting in a gain of around 5,000 jobs for the gambling sector by 2026 but a reduction of around 25,000 jobs for the economy as a whole (Appendix 1, p14).
- At the end of the ten year period, the total annual wage bill in areas where FOBTs are established will be around £700 million lower (in today's prices) than if FOBT use remained at its 2015 level (Appendix 1, p14).
- At the end of the ten year period net tax receipts will also be around £120 million per year less due to the expansion of FOBTs. Revenue from Machine Games Duty is forecast to increase by around £280 million but this is more than offset by reduced receipts from income tax and National Insurance contributions (due to lower employment) and reduced

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<sup>1</sup> See for example Association of British Bookmakers, *The Truth about Betting Shops and Gaming Machines*, submission to the DCMS Triennial Review, April 2013.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/248922/Association\\_of\\_British\\_Bookmakers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/248922/Association_of_British_Bookmakers.pdf)

VAT receipts (due to lower consumer spending on other goods and services). (Appendix 1, p15)

## FOBTs and incidents in betting shops requiring police intervention

Police statistics obtained by Landman Economics in October 2015 under the Freedom of Information Act show that increased proliferation of FOBTs also appears to be linked to an increase in the number of incidents in betting shops which required assistance and /or intervention from the police. The figures for 2014 show a 51 percent increase in the number of incidents in betting shops requiring police assistance compared to the previous year – even though the number of active premises declined slightly by the end of 2014 compared to 2013. This compares with almost no increase in the number of incidents per venue for other types of gambling venue. In 2014, an average betting shop was over seven times more likely to be witness to an incident requiring police assistance compared to other types of gambling venue taken together. It seems clear that violent behaviour in betting shops is on the increase and an increased proliferation of FOBTs – with increased numbers of players incurring losses from gambling on B2 machines – is a likely reason for this trend. (See Appendix 1, pp17-18 for more details).

## Misleading claims by the ABB on the impact of FOBTs

In 2013 Landman Economics reviewed a submission by the Association of British Bookmakers (ABB) to DCMS's Triennial Review of gambling stakes<sup>2</sup> (see Appendix 2 to this submission). The review identified several misleading claims by the ABB. In particular:

- The ABB's "impact assessment" of the economic impact of reducing the maximum stake for FOBTs was seriously flawed, and exaggerate the negative impact which a reduction in the maximum stake for FOBTs would have on the betting industry. The ABB assumes that a reduction in the number of betting shops in the UK would lead to a reduction in the size of the UK economy and a loss to the Exchequer – whereas in fact, a reduction in the number of FOBTs is likely to lead to *increased* output, employment and tax revenue because expenditure will be switched to other goods and services (as explained in detail in pp10-15 of Appendix 1, and pp4-6 of Appendix 2).
- The ABB submission claims that there is no link between the increase in the number of FOBTs since 2000 and the increase in the number of problem gamblers, but this is based on a highly selective reading of the evidence. A wider review of the evidence for the UK and other countries suggests a clear link between electronic gaming machines and problem gambling. This is backed up by evidence from UK survey data showing an increased

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<sup>2</sup> Association of British Bookmakers, *The Truth about Betting Shops and Gaming Machines*, submission to the DCMS Triennial Review, April 2013.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/248922/Association\\_of\\_British\\_Bookmakers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/248922/Association_of_British_Bookmakers.pdf)

incidence of problem gambling and increased bookmaking reliance on 'heavy' gamblers for an ever-greater proportion of industry profits. (see Appendix 2, pp7-10, for more details).

## The link between FOBTs and deprivation

In 2014 Landman Economics was commissioned by the Campaign for Fairer Gambling to review the Local Data Company (LDC)'s April 2014 report *An independent analysis of betting shops and their relationship to deprivation along with their profile relative to other high street business occupiers* (Local Data Company, 2014). The LDC conducted its analysis for the Association of British Bookmakers (ABB), and the ABB's press release of the LDC's research in April 2014 stated that the report "refutes claims that bookies prey on the poor".

Landman Economics examined the robustness of the ABB's claims in a report published in November 2014 (Appendix 3). A mapping analysis by Geofutures for the Campaign for Fairer Gambling found that Over 34 percent of all betting shops are located in the most deprived quartile compared to only 16 percent in the least deprived quartile – the exact opposite of the LDC results. This was backed up by further analysis by Landman Economics of Index of Multiple Deprivation (IMD) data for England showing that the most deprived areas in England contain substantially more betting shops than the least deprived areas, in direct contradiction to the LDC report's findings. The LDC research was found to be flawed because it used data on betting shop location and deprivation for urban areas only, rather than a full nation-wide dataset. (See Appendix 3, pp3-5 for more details).

Further research by Landman Economics for this report using the Living Costs and Food Survey (the main source of data on household expenditure by category of goods and services in the UK) showed that gambling expenditure is a much higher share of household disposable income (3.1 percent) for households in the lowest income quartile than for households in the highest income quartile (0.6 percent). (See Appendix 3, pp8-9).

## **Q2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities? Please provide evidence to support this position.**

Overall, the industry measures on gaming machines which have been implemented so far seem to have had little, if any positive impact in terms of mitigating harm to players, consumers or communities. To support this view, we provide two pieces of evidence:

- (1) analysis of the most recent statistics from the GamCare gambling helpline ([http://www.gamcare.org.uk/sites/default/files/file\\_attach/GamCare%20Annual%20Statistics%202015-16.pdf](http://www.gamcare.org.uk/sites/default/files/file_attach/GamCare%20Annual%20Statistics%202015-16.pdf)).
- (2) a summary of a recent Landman Economics report analysing DCMS's evaluation of the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015 (the report is attached to this submission as Appendix 4).

### **Evidence from GamCare data**

GamCare is the leading provider of information, advice, support and free counselling for the prevention and treatment of problem gambling. GamCare operates the National Gambling Helpline and publishes annual statistics on the number of callers to the helpline and their characteristics.

Industry measures on gaming machines taking effect from 2015 include the following:

- (1) Regulations requiring customers using Category B2 gaming machines to either (a) authorise stakes of £50 or more via account-based play or (b) authorise stakes of £50 or more via over-the-counter staff authorisation.
- (2) Social responsibility measures introduced by the Gambling Commission in May 2015 including the following requirements:
  - a. operators to pay due diligence towards socially responsible policies such as adequate funding of research, protecting children and vulnerable people and issuing messages to customers;
  - b. staff to be trained to interact or intervene with customers;
  - c. operators to have robust self-exclusion schemes in place by April 2016;
  - d. money limits to be offered on all B2 gaming content in bookmakers.
- (3) New social responsibility measures from the Association of British Bookmakers (ABB) including measures to improve responsible gambling advertising in place from January 2015 consisting of responsible gambling promotions on machines, Gamble Aware week, a national TV advertising campaign, and 20% of bookmaking shop windows devoted to responsible gambling messages.

The most recent GamCare statistics on problem gamblers cover the 2015-16 financial year. Given that measures (1) to (3) listed above were mainly in place by May 2015, if the measures have been effective we would expect to find evidence of a decline in the number of problem gamblers in

2015/16 compared to 2014/15. Table 2.1 below shows the number of calls answered by the GamCare helpline in 2015/16 compared to the three previous financial years, and the rate of growth in the number of calls relative to previous years. The GamCare statistics show that the total number of calls answered by the helpline continued to grow in 2015/16 (by 14 percent). Although this was a lower rate of increase than the previous year 2014/15 (when the number of calls grew by 34 percent compared to 2013/14) it was a faster rate of increase than in 2013/14 (when the number of calls answered *fell* by 6 percent compared to 2012/13.) Based on this data, there seems to be no evidence that recent industry measures have reversed the long-run trend of an increase in the number of calls to the GamCare helpline. Furthermore, GamCare statistics on the composition of calls to the helpline show that there was no decrease in the proportion of calls to the helpline which made specific reference to gaming machines in betting shops. 23 percent of callers in 2015/16 mentioned gaming machines in betting shops, compared to 22 percent in 2014/15.

**Table 2.1. Total calls to GamCare helpline, 2012/13 – 2015/16**

Statistic	2012/13	2013/14	2014/15	2015/16
Total calls answered	32,733	30,648	40,946	46,851
Annual change (total calls answered)		-6%	34%	14%

Source: GamCare Statistics

## Review of the DCMS Evaluation of the £50 Regulations for B2 Gaming Machines

In January 2016 the Department for Culture, Media and Sport [DCMS] published *Evaluation of Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015* (hereafter referred to as "the DCMS Evaluation"). This is an evaluation of regulations implemented by the Coalition Government on 6<sup>th</sup> April 2015 which required customers using Category B2 gaming machines (commonly known as Fixed Odds Betting Terminals or FOBTs) to either:

- a) Authorise stakes of £50 or more via account based play;
- b) Authorise stakes of £50 or more via over-the-counter staff authorisation.

Hereafter in this submission the regulations are referred to by the summary term "the £50 regulations".

The DCMS evaluation lists three expected effects of the £50 regulations:

- 1) An improvement in the information players have about their playing habits via verified accounts leading to greater player control and more conscious decision making;
- 2) Increased opportunities for interaction and intervention with appropriately trained staff, leading to greater player control; and
- 3) A reduction in industry revenue as a result of changing player behaviour causing a fall in stakes over £50 and a smaller increase in stakes under £50. The reduction in industry revenue means a corresponding reduction in player losses. This would be due either to

players exercising more control through more conscious decision making (players now have to actively unlock over £50 staking) or having a preference for playing with anonymity.

In the report attached to this submission as Appendix 4, Landman Economics assesses the quality of the DCMS evaluation. The main findings are as follows:

- The DCMS evaluation suffers from several problems with **quality and availability of data**. In particular:
  - The range of data sources used in the evaluation was limited;
  - DCMS was unable to measure changes in amount staked *per player* over any particular period (rather than per machine, or per session) – which is the most important piece of data in terms of identifying the impact of the regulations on the extent of problem gambling.
  - The data on total amount staked was not used particularly effectively in the evaluation;
  - The data on implementation costs provided by operators lacked detail and there were substantial differences between reported costs from different operators, which look implausible.
- DCMS's **interpretation of the results** of the evaluation is problematic:
  - In the absence of a pilot programme to test the impact of the £50 regulations under more rigorous conditions, the evaluation suffers from simultaneity problems – it is difficult to separate out the impact of the £50 regulations from the impact of other policies on responsible gambling introduced at or around the same time.
  - DCMS's interpretation of the statistics derived from the data submitted by machine operators – e.g. the trends in the number of registered accounts and the average length of playing sessions – is often contentious.
- The evaluation **omits some key questions** which are important to consider when looking at the success or failure of the £50 regulations. For example, the question why B2 machine players might wish to remain anonymous (e.g. because of the potential for money laundering) is not discussed.
- Potential **adverse side effects** of the £50 regulations are not considered in the evaluation. In particular:
  - There is potential for account-based play to lead to players being targeted by more specific direct marketing initiatives than when play is cash-based.
  - It is not clear that increased staff interaction will necessarily reduce problem gambling – in the worst case scenario, it could actually do the opposite.

Overall, the evidence that the £50 regulations have worked as intended is very weak at best.



### Q3. What other factors should the Government be considering to ensure the correct balance in gaming machine regulation?

Landman Economics believes that the Government should be considering the following factors to ensure the correct balance in gaming machine regulation:

- **The extent of problem gambling.** As explained in the response to Q1 above, users of B2 gaming machines are much more likely to be 'problem gamblers' and much more likely to contact gambling helplines due to gambling addiction or other related problems than are almost all other types of gamblers. Moreover (as explained in the response to Q2), the number of calls to the GamCare helpline is increasing year-on-year, even after new regulations and industry measures to promote responsible gambling have been implemented.
- **Incidents at betting outlets requiring a police response.** As explained in the response to Q1 above, increased proliferation of FOBTs also appears to be linked to an increase in the number of incidents in betting shops which required assistance and /or intervention from the police.
- **Better data on FOBT usage and the problems associated with them.** Research into the wider impacts of B2 gaming machines is hampered by a lack of good-quality specific data at the moment. For example:
  - The British Gambling Prevalence Survey should collect more data specifically on B2 machines (rather than just the wider category of gaming machines) and should identify problem gamblers whose difficulties arise specifically from use of Fixed Odds Betting Terminals.
  - The Living Costs and Food Survey should contain a specific expenditure category for Fixed Odds Betting Terminals rather than just the broader "gambling and betting stakes" category as this would enable trends in FOBT expenditure and the distribution of FOBT spending across key characteristics like income, gender and age to be tracked with much more accuracy than is currently possible.

#### **Q4. What, if any, changes in the number and location of current gaming machine allocations support the Government's objective set out in this document?**

Landman Economics believes that bookmakers are currently engaged in the deliberate targeting of B2 gaming machines in areas of high deprivation in the UK. Therefore, to meet the Government's objective of striking the right balance between socially responsible growth and the protection of consumers and wider communities, the number of B2 machines in the most deprived areas of the UK needs to be reduced.

The evidence to support this assertion comes from two sources:

- (1) An analysis by the research consultancy Geofutures of the relationship between the number of betting shops and the Index of Multiple deprivation in local authorities in England (included in the Landman Economics report for the Campaign for Fairer Gambling published in November 2014 and included as Appendix 3 to this submission).
- (2) An analysis by Landman Economics of the relationship between the location and number of betting shops in local authorities in Scotland and the Scottish Index of Multiple Deprivation in local authorities, completed in October 2016.

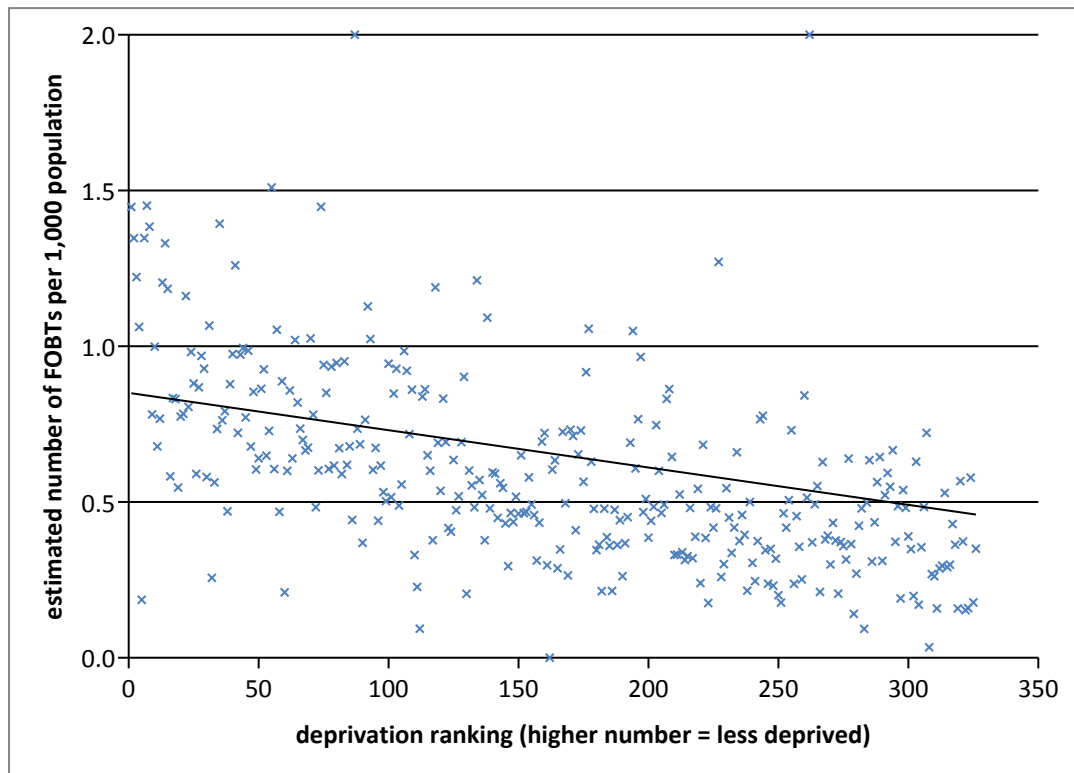
The results from both these analyses are summarised below.

#### **Relationship between number of betting shops and level of deprivation in English local authorities**

Using data on where each betting shop in England is located, the Geofutures analysis divided England into four "deprivation quartiles" each containing approximately a quarter of the adult population, using local authority data. The results show that over 34 percent of all betting shops were located in the most deprived quartile compared to only 16 percent in the least deprived quartile. Thus, areas with the highest levels of deprivation had more than twice as many betting shops as areas with the lowest levels of deprivation. (See Table 1 in Appendix 3, p3, for more details).

Furthermore, a graphical analysis of the relationship between the Index of Multiple Deprivation and the number of FOBTs per head of population in English local authorities shows a clear relationship between the two: the number of FOBTs per adult is higher on average for more deprived local authorities than it is for less deprived authorities. The 50 most deprived local authorities in England average 0.90 FOBTs per 1,000 adult population, whereas the 50 least deprived local authorities in England average 0.38 FOBTs per 1,000 adult population – less than half the number of FOBTs per head. Figure 4.1 below (reproduced from Appendix 3) shows a clear trend whereby more deprived local authorities (towards the left hand side of the graph) have more FOBTs per 1,000 adult population than less deprived local authorities (towards the right hand side of the graph).

**Figure 4.1. Index of Multiple Deprivation and number of FOBTs per 1,000 adult population:  
analysis for local authorities in England**



Source: Landman Economics analysis using Geofutures mapping data, 2014. See Appendix 3 for more details

### Relationship between number of betting shops and level of deprivation in Scottish local authorities

The Scottish government recently published data on the [Scottish Index of Multiple Deprivation](#) (SIMD) – a measure of deprivation which takes into account factors such as low income, unemployment, poor health, low education, difficulty in access to local services, crime and overcrowded housing. Each ward in Scotland is ranked according to the SIMD, from most deprived (rank 1) to least deprived (rank 6,976).

[Geofutures](#) has recently compiled data on the number of betting shops in each Scottish local authority and the estimated total Gross Gambling Yield (the amount lost by gamblers on Fixed Odds Betting Terminals) from betting shops in each local authority. These are both good measures of the extent to which Fixed Odds Betting Terminals (FOBTs) are being played in local authorities.

To compare the SIMD for each local authority with the data on the location of and activity in betting shops it was necessary to produce an aggregated statistic measuring the extent of deprivation in each local authority. This was done by ranking all wards from most deprived to least deprived and then calculating the percentage of the population in each local authority who live in the most 25% of deprived wards in Scotland. There is substantial variation across Scottish local authorities in the proportion of the population in the most deprived wards – ranging from 53% in Glasgow City to 3

percent in Aberdeenshire, and none in Na h-Eileanan an Iar, the Orkney Islands and the Shetland Islands.

Next, all 32 Scottish local authorities were ranked according to the proportion of their population in the most deprived wards and then allocated to 4 *quartiles*, each of which contained 8 local authorities. Quartile 1 contained the 8 least deprived local authorities on this measure, while quartile 4 contained the 8 most deprived local authorities.

The analysis in Table 4.1 below compares each of these 4 quartiles in terms of deprivation and betting shop activity. The second column from the right in Table 4.1 calculates the number of betting shops per 1,000 people in each deprivation quartile. This ranges from 0.427 betting shops per 1,000 people in quartile 1 down to 0.151 shops per 1,000 people in quartile 4. As shown in the right-hand-most column, this means that the density of betting shops in the most deprived quartile of local authorities is almost 3 times the density in the least deprived quartile of local authorities (2.8 times to be more exact). This strongly suggests that bookmakers are selecting locations for betting shops amongst the most deprived sections of the Scottish population.

Overall, this analysis shows that betting shops, and Fixed Odds Betting Terminals, are significantly likely to be located in the most deprived areas of Scotland.

**Table 4.1. Deprivation and betting shop activity by quartile of Scottish local authorities ranked by deprivation (quartile 1=most deprived, quartile 4=least deprived)**

<b>Quartile</b>	<b>Total population</b>	<b>% of population</b>	<b>number of shops</b>	<b>% of shops</b>	<b>number of shops per 1000 people</b>	<b>Density relative to least deprived quartile</b>
1	1,112,095	32.4%	475	43.8%	0.427	2.832
2	1,139,385	33.2%	369	34.0%	0.324	2.147
3	693,094	20.2%	167	15.4%	0.241	1.598
4	490,626	14.3%	74	6.8%	0.151	1.000
Total	3,435,200	100.0%	1085	100.0%		

Source: author's analysis of Geofutures data

**Q5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation?**

As indicated in the responses to Q1, Q2 and Q4 above, Landman Economics believes that the social responsibility measures adopted by the bookmaking industry so far have done little or nothing to protect vulnerable consumers and communities with high levels of deprivation. In particular:

- high levels of problem gambling among B2 gaming machine users are an ongoing – and increasing – problem which does not appear to have been addressed by recent social responsibility measures.
- The density of FOBTs per head of the population is much higher in local authorities with high levels of deprivation than it is in affluent local authorities.

**Q6. Is there anything further that should be considered to improve social responsibility measures across the industry?**

Landman Economics believes that the current mix of regulations and industry initiatives is not an adequate policy response to address the problems associated with the increased prevalence of Fixed Odds Betting Terminals and the problems associated with them. We recommend three additional legislative changes in particular:

1. Reduction of the maximum stake for B2 gaming machines to £2, as recommended by the Campaign for Fairer Gambling (see <http://fairergambling.org/recommendations/>).
2. Greater powers for local authorities to refuse gambling licences to applicants for new betting shops in areas where the number of FOBTs per head of the population is already at or above some critical level (say, above the overall average in the UK)

The evidence for these changes being necessary is that as outlined in our responses to Q1 and Q2 in particular, existing social responsibility measures are not working effectively at present.

## Q7. Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?

Landman Economics is of the view that the rules on gambling advertising are currently not strict enough to protect vulnerable groups from the possible harmful impact of gambling advertising. Our evidence for this position is based on recent work undertaken by Landman Economics to assist the Campaign for Fairer Gambling (CFG) with a complaint to the Advertising Standards Authority (ASA) regarding an advertisement "When The Fun Stops, Stop" (hereafter referred to as the "**Advert**") published by the Senet Group (hereafter referred to as the "**Advertiser**") in "The Week Magazine", 18<sup>th</sup> June 2016, p25. The Advert is attached to this submission as Appendix 5.

### CFG's complaint to the ASA

The CFG made a complaint to the ASA under the UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (hereafter referred to as "**the Code**").

The Advert consisted of two statements, each of one sentence, each making a specific claim (the "**Claims**") and stated by the Advertiser to be substantiated by the a survey carried out by Bilendi Tracking Survey explicitly referenced in a footnote within the Advert (the "**Survey**"), as follows:

"Over a third of regular gamblers who have seen this message ["When the fun stops stop"] from the Senet Group say it has led them to approach gambling more responsibly. In fact, over 2 million people have directly quoted the line themselves – online or offline."

The basis of CFG's complaint was that the Advert was misleading, contrary to section 3.1 of the Code. CFG asserted that in respect of each of the Claims made in the Advert:

1. The Claim was misleading contrary to section 3.1 of the Code; and
2. The Claim was made without adequate substantiation contrary to section 3.7 of the Code.

in each case for the reasons set out below.

1. In relation to the first Claim:

“Over a third of regular gamblers who have seen this message [“When the fun stops stop”] from the Senet Group say it has led them to approach gambling more responsibly.”

CFG considered this Claim to be misleading for the following reasons.

- (a) The Survey was not adequately reflective in its sample respondents of either the gamblers whose behaviour is represented based on its results, or of the population as a whole owing to the nature of the sample participants (persons prepared to participate in a wide range of online and/or offline surveys for reward) and the manner in which they are recruited and in which the survey is conducted (an online survey taken for reward).
- (b) The Advertiser claimed that its previous adverts containing the message “When the fun stops, stop” (the “**Message**”) had changed the behaviour of regular gamblers in that the Message “has led them to approach gambling more responsibly”. As can be seen from the attached correspondence, the Advertiser justified this claim on the basis of the responses received in the Survey to the question “Made me think about my own gambling behaviour”. CFG argued that this was an unjustified interpretation of the Survey responses, even without reference to the flaws in the Survey referred to at (a).

A far clearer guide to behaviour resulting from the Message was given in the responses to the question “Has helped me – at least once – stop gambling more than I should”, to which the percentage response was only 16% positive. CFG argued that rather than publishing that statistic, the Advertiser chose to extrapolate a response only relating to thought in order to make a claim about behaviour (and/or worded so as to be capable of being read as a claim about behaviour) where the latter response makes clear (within the context of the Survey) that actual behavioural changes have taken place to less than half the extent claimed.

## 2. In relation to the second Claim:

“In fact, over 2 million people have directly quoted the line themselves – online or offline.”

CFG considered this Claim to be misleading for the following reasons.

- (a) The Survey was not adequately reflective in its sample respondents of either the gamblers whose behaviour is represented based on its results, or of the population as a whole owing to the nature of the sample participants (persons prepared to participate in a wide range of online and/or offline surveys for reward) and the manner in which they are recruited and in which the survey is conducted (an online survey taken for reward).



- (b) The Claim was worded unambiguously to state a statistical fact an average reader of the Advert might believe was based on empirical data, whereas it was in fact (as evidenced in the attached correspondence) based on a speculative figure extrapolated from a small and unrepresentative sample of respondents to the Survey. This extrapolation was done in a simplistic manner which applies the percentage of Survey respondents agreeing to a statement to the entire adult population of the United Kingdom, taking no account of weighting or grossing factors.

CFG considered the Advert and this complaint to fall within the Prioritisation Principles adopted by the ASA to justify a full investigation of this complaint.

## The ASA's response

In its response to CFG's complaint, the ASA replied as follows:

*We have assessed the ad and the complaint and we considered that you had made a valid point. As this appeared to be a relatively clear breach, instead of initiating a formal investigation and with a view to acting quickly, we informed the advertiser of the complaint and they have assured us that the ad will no longer appear in its current form. They have also agreed to ensure that similar issues do not arise in their future similar marketing communication. We have also received a written assurance from them to that effect. I understand you also raised concerns with how the survey was conducted generally and how this may have affected the claims in the ad. We have also provided guidance to the advertiser on this point, including referring them to the CAP Copy Advice team.*

The complaint by CFG was thus upheld, and the ASA also updated its website on 5 October 2016 to indicate that Senet Group had "agreed to amend or withdraw advertising without the need for a formal investigation."

The ASA's response to CFG's complaint provides strong evidence that the Senet Group – the main body advocating "responsible" advertising of remote gambling – is making misleading claims, and does not have any real evidence that its warnings encouraging gamblers to act responsibly are effective.