

Loyalty Typologies and Consumer Choice Factors in the Online Sports-Betting Industry: An Explorative Study into the Italian Regulated Market

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Abstract

The paper analyses the loyalty typologies and consumer choice factors in the regulated online sports-betting industry. From the methodological viewpoint an empirical investigation has been carried out through the administration of a questionnaire towards customers who make sports bets on online gambling sites in the Italian regulated market. We have found that, in keeping with consumers' behaviour "regularities" which normally characterize frequently purchased consumer goods markets, the number of customers who are exclusively loyal to one gambling website is rather limited and that, therefore, online bettors mostly adopt a "multi-brand" buying behaviour. In the markets in which this behaviour pattern emerges, customer loyalty programs appear less efficacious in increasing market penetration of the companies with respect to the firms' decisions on marketing mix-inputs that influence consumer choice of purchasing. The empirical investigation has therefore permitted us to single out the factors that influence the decision to bet at one online gambling site over another, and to show how the importance of these factors varies in relation to the different degree of the gamblers loyalty. The results are then applied to marketing strategies of the online gambling operators.

Keywords: consumer choice factors, gambling, Italy, loyalty typologies, sports-betting industry

1. Introduction

In the last few years in the sphere of the marketing studies an increase has been recorded in the attention paid by scholars towards the theme of the influence of the Internet on the customers' decision-making and consumption process. The increase in the Internet access levels—which has brought it about that in 2015 almost half the world population now uses the Net with peaks of 87.9 and 73.5 per cent in North America and Europe respectively (Internet World Stats, 2016)—and the progress in Internet-based technologies is introducing relevant changes in the management models of business firms' relationships with consumers (Darley, Blankson, & Luethge, 2010). The greater transparency of markets connected by the utilization of the Internet compared with the past has increased the level of interactivity and exchange of information between companies and clients, and has facilitated an accelerated growth in e-commerce. On the supply side, moreover, the Internet has introduced profound changes in the firms' market strategies by reshaping competition in numerous industrial and service sectors.

Among the sectors in which the Internet is strongly influencing the competitive strategies is included that of gambling. The utilization of the Internet as channel for the sale of gambling products, starting from the mid-1990s (Wood & Williams, 2007), has given life to a regulated online gambling industry characterized by competitive dynamics unlike those of the regulated land-based gambling industry. The Internet gambling industry has grown rapidly, reaching in 2014 an online Gross Gambling Revenue (GGR)—the amount wagered online minus the winnings returned to players—at a world level equal to 39.6 billion dollars (Agimeg, 2015), four times the level reached ten years earlier. The online GGR now has an influence of more than 9 per cent on total online and land-based GGR (H2 Gambling Capital, 2015).

The growth in the regulated online gambling market is accompanied by a continuous increase in the level of competition. On the one hand, in fact, the characteristics of "virtuality" and "immateriality" typical of the digital consumption process (Guerini & Franchini, 2000) have increased the convenience in consumer purchasing and

the simplicity of passing from one gambling supplier to another. On the other hand, the reduction in spatial constraints characterizing the firm-consumer relationship brought about by the development of e-commerce has permitted operators to supply gambling services at a distance, beyond national boundaries, thus determining a more intense competition to take place ever more frequently at an international level.

This has brought it about that in the online gambling industry the themes of customer patronage and loyalty are becoming increasingly relevant (Gainsbury, Wood, Russell, Hing, & Blaszczynski, 2012; Mizerski, 2013), even if the economic-managerial literature does not appear to have dedicated sufficient attention to the theme, and especially to the study of the loyalty typologies which characterise the relationships between gamblers and online gambling websites.

In order to approach the theme of loyalty in the Internet gambling industry, it is first necessary to consider that in this industry customers make frequent decisions over several time periods. The high frequency of purchasing on the part of the gamblers should make this market similar to many frequently purchased consumer goods markets from the loyalty behaviour viewpoint (Lam & Mizerski, 2009; Mizerski, Mizerski, Lam, & Lee, 2013). In the sphere of this market typology numerous empirical research works have been carried out over the years, aimed, amongst other things, at understanding the nature of the loyalty relationships between customers and business firms. Moreover the empirical analyses based on the utilization of the Negative Binomial Distribution (NBD) and the NBD-Dirichlet model (Ehrenberg, Goodhardt, & Barwise, 1990; Ehrenberg, Uncles, & Goodhardt, 2004) have shown that in these markets, on aggregate, over a one-year period only a little more than 10 per cent of buyers are 100% loyal to a particular brand, and that "typically, consumers are polygamous rather than either promiscuous or monogamous" (Ehrenberg et al., 2004, p. 1316). It is therefore interesting to verify whether in the online gambling industry the loyalty schemes of the consumers are like those which characterize the frequently purchased consumer goods markets.

The general objective of the present work is to analyse, in an exploratory way, the loyalty typologies which tend to characterise the relationships between gamblers and online gambling sites. Our hypothesis is that "the vast array of competition and the ease of switching to another gambling website" (Mizerski, 2013, p. 1588) brings it about that, as happens in most frequently purchased consumer goods markets, also for the purchase of gambling products via Internet customers frequently modify the gambling operator, thus expressing only in few cases situations of exclusive loyalty. In other words it is hypothesised, in keeping with the NBD and NBD-Dirichlet model regularities, that also in the online gambling market customers prevalently express a loyalty divided among a limited number of brands, leading to polygamous loyalty, or reveal a promiscuous type of consumer behaviour in accordance with a "butterfly tendency to flit from brand to brand without any fixed allegiance" (Dowling & Uncles, 1997, p. 74).

The confirmation of this hypothesis is significant in that it implies that in the online gambling industry "brands often differ little in their loyalty-related measures" (Ehrenberg et al., 2004, p. 1308), and that, therefore, it is hard to obtain exceptional advantages through the launching of a loyalty program (Dowling & Uncles, 1997). This confirmation would describe a competition in an online gambling market which is prevalently renewed at every act of purchasing, giving relevance, for the increase in sales and in the market share of gambling websites, more to factors of the marketing mix which the consumers value at the moment of the choice of purchasing between the different online gambling operators, than to the loyalty strategies. During the course of the work, therefore, a close examination has been made of the analysis aimed at identifying the factors affecting the online gamblers' purchasing decisions, by providing important indications regarding the modalities with which the "e-marketers can influence the outcome of the virtual interaction and buying process by focusing their marketing efforts on elements shaping the customer's virtual experience" (Constantides, p. 111).

The exploratory analysis takes place in the sphere of a specific geographical gambling market, namely the Italian one, and relatively to the main segment of the online gambling in terms of total amount wagered at world level (H2 Gambling Capital, 2013), i.e., that of sports-betting. As further examined, normative and cultural factors make the regulated online sports-betting market in Italy one of the most developed at an international level, which permits analyzing the themes which are objective of our investigation within a context in which the online gambling buying decision-processes are now well consolidated.

The paper is articulated into seven paragraphs. In the second paragraph, the main characteristics of the Italian regulated on line sports-betting market are examined. The third paragraph describes the results of the literature review and the aims of the study. In the fourth paragraph, the research methodology is outlined, while the results of an empirical investigation are shown in the fifth paragraph. The discussion of the findings of the work and of the managerial implications is presented in the sixth paragraph. Finally, in the seventh paragraph, the limits of

the work are discussed.

2. The Regulated on Line Sports-Betting Industry in Italy

Faced with the sustained growth in consumer demand for online gambling, public authorities throughout the years have been evaluating the opportunity of normatively disciplining online gambling, both to reduce the risks the consumers may run in applying to the illegal gambling industry and in developing forms of pathological gambling, as well as to exploit the possible returns in terms of taxation on the bets. They have, however, adopted various regulation choices. Some states have utilized a non-intervention approach by avoiding promulgating specific sector disciplines; others have forbidden most online gambling services; yet others, furthermore, have enacted various regulation forms in relation to the different gambling typologies (H2 Gambling Capital, 2013; Gainsbury & Woods, 2011; Rose, 2006). More recently several nations, such as Italy, have organically disciplined the gambling modalities through the Internet, facilitating the complete development of the regulated online gambling industry (Fidone & Linguiti, 2013; Williams, Wood, & Parke, 2012).

In the Italian market, in fact, beginning from 2006, following a series of normative interventions, amongst which the “Bersani Decree”, was realized what was called a liberalization of online gambling (Mataluni, 2013). The liberalisation process has brought it about that all the betting typologies supplied through the terrestrial operators are now legally saleable also through the Internet by linking to those gambling websites authorized by the Agenzia delle Dogane e dei Monopoli [ADM], the State Agency that regulates the gambling industry in Italy. This has given place to a regulated online gambling market which in 2015 reached a total amount wagered equal to 16.9 billion euro and a Gross Gambling Revenue (GGR) equal to 821 million euro (ADM, 2016).

Since 2008, a constant increase has been recorded in the impact of the online segment in the sector of regulated gambling in Italy. The incidence of online purchases on the overall ones (online and land-based) has in fact passed in terms of total amount wagered from 3.12 per cent in 2008 to more than 9 per cent in 2015 and, in terms of GGR, from 2.8 per cent of 2008 to almost 5 per cent in 2015 (Note 1).

The development of the online market has affected various gambling typologies. Amongst these a leading one is that of sports-betting. In 2015, in Italy, the total amount wagered and the GGR in this betting segment grew strongly, reaching respectively a value equal to 2800 and to 262 million euro. The segment of online sports-betting therefore influences about 17 and 32 per cent respectively on the total amount wagered and the GGR of online gambling industry in Italy (Note 2). In a little more than ten years from the beginning of the sales of online sports-bets, Italian gamblers have shown that they appreciate the benefits of the Internet gambling, by redefining their channels of entry to sporting bets. This is confirmed by the data, graphically reported in Figure 1, relating to the progress in the weight, in percentage terms, of the total online amount wagered on total amount wagered (online and land-based) in the regulated sports-betting industry in Italy during the period 2005-2015. From the graph it emerges that in 2015 the digital distribution channel surpassed the physical one in terms of the total amount wagered, particularly as a consequence of a well-sustained growth in the transactions carried out online over the last two years.

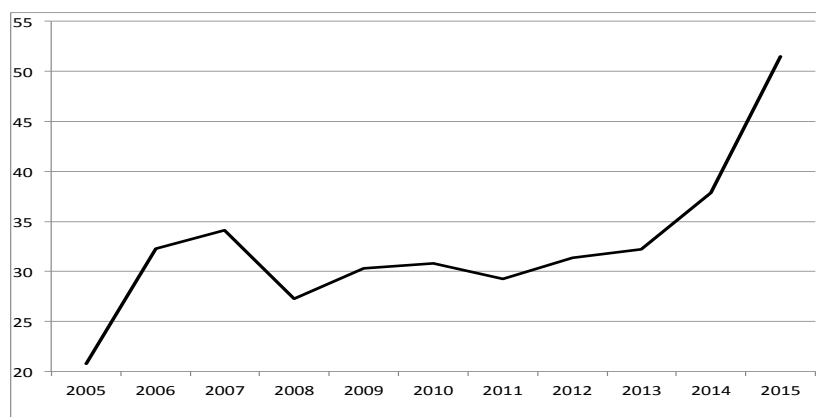


Figure 1. Incidence of the online amount wagered on total amount wagered (online and land-based) in the regulated sports-betting industry in Italy from 2005 to 2015 (percentage data)

Source: our processing of data from Agenzia delle Dogane e dei Monopoli [ADM].

The data analyzed show in synthesis that the Italian regulated online sports-betting market appears particularly strong, with a solid cultural acceptance of Internet sports betting and consolidated online gambling buying decision-processes.

3. Literature Review and Aims of the Study

To describe effectively the aims of the study its contribution to our present knowledge in the field of gambling studies, it is important to carry out a careful review of the research works which have analysed, from different perspectives, the effects on consumer behaviour of the introduction of the sales of gambling products via Internet.

In the last few years, *pari passu* with the growth in the online gambling market, a great number of research works, mainly of a sociological and psychological character, have dealt with the theme of the impact of Internet gambling on gambling problems (Gainsbury, Russell, Hing, Wood, & Blaszczynski, 2013; Kairouz, Paradis, & Nadeau, 2012; King, Delfabbro, & Griffiths, 2010; Griffiths & Parke, 2010; Griffiths, 1999; Tsitsika et al., 2011). These studies show that Internet gamblers appear to have a greater probability of becoming problematic or pathological players compared with land-based gamblers, and these younger players are especially exposed to a problematic use of digital technologies for accessing gambling. The theme of addictive gambling is certainly very significant, but it must be observed that most consumers are safe gamblers as confirmed by the analyses carried out in various geographical contexts, which have shown that the percentage of players with gambling problems oscillates between 0.5 and 2.1 per cent of the population (Mizerski et al., 2013). Also in the Italian market, which is the object of the present study, the datum is in line with that of other countries. The estimation of pathological gamblers varies in fact from 0.5 to 2.2 per cent of the Italian population (Serpelloni, 2013).

Various scholars, especially of sociological and marketing disciplines, have therefore examined other behavioural aspects of online purchasing, by focusing their attention on players who do not have addiction problems. A series of research contributions (Gainsbury, Parke, & Suhonen, 2013; Gainsbury et al., 2012; LaBrie, LaPlante, Nelson, Schumann, & Shaffer, 2007; Parke, Rigbye, Parke, & Vaughan-Williams, 2012; Wardle, Moody, Griffiths, Orford, & Volberg, 2011; Wood & Williams, 2007, 2009, 2011; Wood, Williams, & Lawton, 2007; Woolley, 2003) have, in particular, allowed identifying the reasons which normally induce the gamblers to use the Internet for purchasing the gambling products, by substituting in many cases the land-based venues with the online distribution channel, and have permitted us to identify the demographic characteristics of the Internet gamblers and their differences from non-gamblers and land-based gamblers.

There prove to be rather few pieces of research in contrast which have dealt with the theme of the effects of past online gambler behaviour on current or future online behaviour. This subject has been dealt with recently in the field of land-based gambling. In a research work aimed at explaining the volitional and non-volitional aspects of gambling behaviour in the casino segment, Oh & Hsu (2001) were the first scholars to show that past gambling behaviour can be a strong predictor of future behaviour. Other researchers (Lam, 2006; Lam & Mizerski, 2009; Mizerski, Miller, Mizerski, & Lam, 2004), starting out from the consideration that gamblers make frequent decisions over multiple periods, have therefore analysed the theme by adopting as analysis perspective the stochastic theory of Ehrenberg based on the NBD or the NBD-Dirichlet model (Note 3). These models, used in order to establish consumer behaviour norms for frequently purchased consumer goods markets, have caused several regularities to emerge which characterize, on an aggregated level, the purchasing behaviour in this market typology (Ehrenberg, 1959; Ehrenberg et al., 1990; Ehrenberg et al., 2004). Research carried out on land-based gambling markets has found consistent patterns of gambling in their populations and established that past behaviour matches numerous NBD patterns (Mizerski et al., 2013).

In the field of online gambling, the first to study, on the basis of the stochastic theory, in what way past behaviour can guide future gambling behaviour were Jolley, Mizerski, & Olaru (2006). These scholars have examined the effects of past behaviour on customer satisfaction in the prediction of actual behaviour in online casino and online Electronic Gaming Machines (EGM). The findings of their research “have shown that in the context of online gambling, the incidence of betting occasion (habit-strength) can have a stronger effect on retention and other betting occasions than satisfaction” (Jolley et al., 2006, p. 776), and that the frequency of playing occasions matches the NBD expected patterns.

The studies which have investigated the online and land-based gambling forms of behaviour from the stochastic theory perspective, albeit having established that several consumer behaviour regularities of the NBD-Dirichlet model tend to appear even in these markets (frequency of playing occasions, difference in behaviour between heavy and light players, etc.), do not appear to have examined adequately the loyalty typologies which link the players with the online gambling sites to verify whether they are similar to those normally revealed in the

frequently purchased consumer goods markets. The measurements carried out on the basis of the NBD-Dirichlet model show in this regard that in these markets, “only some 12% of a brand customers were 100% loyal in the year” (Eherenberg et al., 2004, p. 1310) and that therefore customer loyalty is prevalently divided among a number of brands amongst which the consumers switch more or less frequently.

Verifying whether also in the regulated online gambling market the customers who are totally loyal to a specific gambling website represent a limited part of the total population of consumers—and whether therefore customer loyalty is mainly “divided” or “unstable” (Brown, 1953)—contributes to understanding an aspect that is still rarely studied in the marketing literature and allows us to provide interesting indications to managers of the online gambling sites regarding the effectiveness of the different marketing strategies.

This question is much more relevant if one thinks that the patterns of the NBD and NBD-Dirichlet models are valid in situations where frequent choices are made in stable environments, considering in contrast that the Internet gambling industry is still growing and evolving. In this regard the scholars themselves who have proposed the models have asked themselves whether the NBD-Dirichlet regularities can be valid “in the markets [as that of online gambling] that are constantly subjected to competitive inputs, technological innovation and environmental changes” (Eherenberg et al., 2004, p. 1308).

The research question is also significant in relation to the distinction made in the literature between “repertoire markets” and “subscription markets”, and to its implications in terms of loyalty typologies which characterize the relationship between the consumer and the business firm. As observed (Sharp & Wright, 2000; Sharp, Wright, & Goodhardt, 2002), the repertoire markets are those in which consumers hold personal repertoires of favoured brands amongst which they choose by frequently modifying their own buying preferences and which are therefore characterized by the presence of few customers who are 100% loyal to a specific brand. The subscription markets are in contrast those in which the clients must subscribe to a provider in order to make their purchases. In these markets the customers do not usually make regular purchases from a repertoire of competing offers and tend to allocate most or all of their category requirements to one or few providers. In the subscription market certain structural factors act which normally render multi-brand purchasing less probable. Only for certain types of subscription markets, defined “free choice markets”, do relevant limits not exist on multi-brand purchasing and therefore “the ability to use competing brands is largely unconstrained, and thus repertoire buying is possible” (Sharp et al., 2002, p. 16). The regulated online gambling market may be classified as a subscription market, in that for betting via Internet it is necessary to sign a contract with a gambling provider. The peculiarities of the digital consumption process of the gambling products and services, however, induces us to hypothesize that the online gambling market falls into the “free choice” category, and that therefore the behaviour of the consumers shows a low level of exclusive loyalty. And this comes about in that the characteristics of immateriality typical of the purchase processes via Internet seem to simplify and facilitate the passage of the consumer from one gambling provider to the other by reducing the structural constraints which normally function in the subscription markets in limiting multiple subscriptions and multi-brand purchasing.

Finally it is necessary to point out that if it is demonstrated that in the regulated online gambling market there are few totally loyal customers to a specific gambling operator—and that therefore customer loyalty is mainly divided among a number of betting websites amongst which the consumers switch more or less frequently—the strategies aimed at increasing the loyalty of the clients appear less efficacious in increasing the market penetration of the firms in respect to the decisions relating to the factors (price, site navigation, payment process, transaction security, promotion, etc.) that the players value when they chose the website through which to make a bet.

In keeping with the aspects discussed above, the aim of the work is to analyse, in an exploratory way, within the sphere of the regulated online sports-betting industry in Italy:

- the various loyalty typologies which characterize the relationship between gamblers and online betting sites, in order to verify also whether they prove to be in keeping with the consumers’ behaviour regularities which normally characterize frequently purchased consumer goods markets;
- the main factors that influence the decision to gamble at one online site over another, by measuring their level of importance as perceived by the consumers;
- whether and how the importance of the factors which influence the decision to gamble at one online site varies in relation to the different degrees of consumer loyalty.

4. Methodology

In order to respond to the research questions described above, an on-field analysis has been conducted in the

Italian on line sports-betting market.

In particular, from the methodological viewpoint, an empirical investigation has been carried out on a convenience sample of consumers, realized through the administration of a questionnaire directed towards the universe of the clients who make sports bets on legal online betting sites in Italy (Note 4).

The questionnaire was administered through Survio software, a Computer Assisted Web Interviewing programme (CAWI) purposefully projected for the investigations carried out via Internet. This method of online recruitment was selected in that, if it is considered that Internet gamblers are usually very active online, it more easily and more quickly allows generating an adequate sample of gamblers compared with other methods (Gainsbury et al., 2012). The administration of the questionnaire took place in a period of 8 months (from 30 August 2014 to 30 April 2015). The questionnaire was accessible online by connecting to a dedicated link (Note 5) and was communicated through several online information forums specialized in sports bets (Note 6).

The consumers have been interviewed who have made at least one sports bet in Italy on gambling website authorized by the ADM in 2014 or at any rate in the 12 months prior to the interview (Note 7). At the end of the survey period 886 people examined the link for compiling the questionnaire, 24 per cent of whom—equal to 270 people—compiled the questionnaire. The number of correctly compiled questionnaires was 263. The average response time to the questionnaire was about 8 minutes. The questions submitted to the interviews were of a closed type (multiple or single response questions) and open type (in order to obtain feedback from the subjects interviewed regarding certain required information).

The investigation areas were the following (Note 8):

- the demographic and behavioural profile of the online gambler. In this area questions were aimed to measure gambler's age, frequency of playing occasions, loyalty typology;
- the online gambler's motivation profile. In this area questions were aimed to identify the factors influencing the decision to bet at one online site over another.

The data gathered through the questionnaire were processed by techniques of descriptive statistics.

5. Results

5.1 Loyalty Typologies in the Relationship between Online Sports-Betting Sites and Gamblers

In order to analyse the various loyalty typologies which link the consumers to the gambling websites, the on line survey has firstly investigated the gamblers' loyalty behaviour within the sphere of the regulated online sports-betting industry in Italy. More specifically, to measure the loyalty typologies the classification developed in the literature on the basis of Brown's proposal (1953) has been used, which describes four different levels of customer loyalty, namely: 1) undivided (or sole) loyalty, which identifies the customers who always buy the same brand; 2) divided loyalty, which identifies the customers who are "polygamous" (Dowling & Uncles, 1997) in that they are loyal to two or three brands, often with a preference for one of these; 3) unstable loyalty, which identifies customers who, although loyal to one brand for a short period of time, easily shift from one brand to another, on the basis of the advantages offered by other brands; 4) no loyalty, which identifies promiscuous consumers who switch from one brand to another with almost any buying situations. We therefore proceeded to measure in the sample loyalty in terms of revealed behaviour by distinguishing it into four typologies, coherently with the proposed classification. Loyalty has thus been defined with reference to the pattern of past purchases (Uncles, Dowling, & Hammond, 2003), without investigating the consumer motivations or commitment to the gambling website.

Table 1. Types of loyalty in the regulated online sports-betting market in Italy (n = 263)

Answers	Types of loyalty	Frequency	Percentage
I utilize a single online betting site towards to which I am loyal	Undivided (Sole) loyalty	49	18.6
I am enrolled on a few online betting sites I have chosen, and I play mainly on one or on few of these	Divided (Polygamous) loyalty	73	27.8
I am enrolled on several online betting sites which I have chosen, and I distribute my bets among these sites (without a stable preference for any of them)	Unstable loyalty	114	43.3
I am not loyal to any operator, and utilize one online betting site, and then pass to another one which I enrol on, especially with regard to the bonuses offered	No loyalty	27	10.3
<i>Total</i>		<i>263</i>	<i>100.00</i>

Table 1 summarizes the results. The main result is that in the regulated online sports-betting market in Italy only a rather limited number (18.6 per cent) of the consumers is solely loyal to one online gambling site with respect to those who express a customer loyalty of another type. This result is in keeping with our hypothesis that, as normally happens in the frequently purchased consumer goods markets, for the acquisition of the sporting bets via Internet the gamblers frequently modify the gambling service suppliers, expressing exclusive loyalty behaviour only in few cases.

More than 80 per cent of online gamblers declare, in fact, that they adopt a multi-brand buying behaviour with diverse degrees of intensity. More specifically, 27.8 per cent of the consumers express a divided loyalty (i.e., polygamous loyalty), having selected a personal stable portfolio of online betting sites in the sphere of which loyalty is divided for few sites, often with a relative preference for a specific gambling provider. On the other hand, 43.3 per cent of the consumers express an unstable loyalty, making the choice of purchasing in the sphere of a selected portfolio of online betting sites, without a stable preference for any of them. Although they might express loyalty to one gambling website for a short period of time, these customers easily “switch” to another website according to the occasions of consumption and the advantages offered by the gambling service providers in portfolio. Finally, about one consumer out of ten (10.3 per cent), declares not to be loyal to any one online betting site, by continually modifying his own choices in the sphere of a “brand repertory” which changes rapidly in time with the enrolment on new gambling websites and the possible abandonment of the previous ones.

5.2 The Factors of the Web Experience Affecting the Online Gambler's Purchasing Decisions

The data just described show that in the regulated online sports-betting industry in Italy gamblers express situations of sole loyalty only in limited cases. Most of them, in fact, modify the gambling service suppliers quite frequently, thus giving place to polygamous or unstable forms of customer loyalty or to forms of consumption behaviour which do not express any loyalty typology. As observed (Eherenberg et al., 2004, pp. 1317-1318), if a market is characterised by such typologies of purchase loyalties, “this means that varying marketing mix-inputs, such changes in price, product formulation, selling and distribution can have little, if any, impact on increasing loyalty, but they may affect brand penetration, and in particular its market share and sales volumes”.

In other words, in a market like the Italian one of online sports-betting in which in many cases the gamblers affect multiple subscriptions and multi-brand purchasing, the factors affecting the online consumer's purchasing decisions play a very important role in the sphere of a competition which, in terms of prevalence, is renewed at every purchasing act. Thus a specific analysis investigation was carried out into identifying, in the Italian regulated sports betting market, the factors of the online gambling experience influencing decisions to bet at one online site over another. The factors subject to the evaluation of the interviewees are those emerging from several empirical investigations aimed at studying online gambling behaviour (in particular, Gainsbury et al., 2012). These factors were subjected to tests through a pilot study on a restricted consumer sample (n = 15). The interviewees were required to express a judgment of importance of the factors on a Likert scale, from 1 to 5 (1 for an unimportant factor, 3 for a sufficiently important factor, 5 for an extremely important factor) and could add eventual factors considered as important, not explicitly subject to their evaluation.

Table 2 summarizes the results. In this table the factors affecting the decision to gamble at one website in the regulated online sports-betting industry in Italy are reported in order of importance (measured as arithmetic mean of the judgments expressed by the total investigation sample).

Table 2. The factors influencing the decision to gamble at one online site over another (Italian regulated online sports-betting market)

Factors	Gamblers with Sole or Divided loyalty (n=122)		Gamblers with Unstable loyalty or with No loyalty (n=141)		Total sample (n=263)	
	Average score	Standard deviation	Average score	Standard deviation	Average score	Standard deviation
Payout rates	3.85	1.13	4.49	0.86	4.19	1.04
Security and efficiency of monetary online transactions	4.14	1.06	4.11	1.14	4.13	1.11
Number and typologies of sports bets (range of bets)	4.12	1.19	4.04	1.12	4.08	1.15
General reputation of gambling site operator	4.06	1.09	4.03	1.14	4.04	1.12
Usability of website technology	4.04	1.19	3.7	1.21	3.79	1.20
Bonus and promotions for new clients and loyal clients	3.02	1.50	2.4	1.45	2.98	1.47
Graphic design of gambling software	3.07	1.24	2.52	1.27	2.78	1.29
Possibility of making deposits on the online account through land-based shops	2.65	1.57	2.93	1.27	2.26	1.47
Possibility to bet on other gambling typologies (poker, casinos games, lottery, etc.)	2.52	1.47	2.19	1.42	2.19	1.42
Presence of a betting shop network of the online gambling operator	2.11	1.36	1.91	1.31	1.94	1.24
Recommendation from friends	1.92	1.11	1.82	1.12	1.87	1.12

From reading the last two columns of Table 2 it firstly turns out that the factor of choice judged from the total of the sample interviewed as the most relevant, with an average importance value shown as being equal to 4.19, is the one relating to the payout rates, which substantially represent the betting prices.

The second factor of choice in terms of importance indicated by the sample interviewed, with an average value of importance expressed equal to 4.13, is connected to the satisfaction of a psychological safety need. The online gamblers, in fact, in order to be able to bet via the Internet must have trust in the website, and be certain of the efficacy and safety of online monetary transactions (deposits and returns).

Another factor valued as being very significant in influencing the purchasing choice of the gamblers interviewed, with an average value of importance shown equal to 4.08, is the range of bets. The number of the sports events on which one can bet and the typologies of bets offered (pre-play bets, live bets, exchange bets, virtual sports bets, etc.) is therefore a factor of the marketing mix which the managers of online betting sites should manage most carefully in order to increase their sales.

A further factor of choice which registered an average value of importance greater than 4 is again connected with a psychological need. The gamblers interviewed declare in fact that they are influenced in their purchasing choice by the general reputation of the betting websites, and this mainly in relation to the fact that online bets imply the need for trust towards a counterpart who manages the gambler's money through virtual gambling accounts.

A final factor which registered quite a high level of importance in conditioning the decision to gamble at one online site is relevant for a functional aspect of usability of the site. The online gamblers interviewed, in fact, consider the simplicity of the use and the clarity of website software technology as important, with an average value equal to 3.79. It is interesting to show in this regard how this factor is judged much more relevant respecting the aesthetic aspect of the website relating to the graphical design of the gambling software.

Finally it emerges from Table 2 that the other factors submitted to the interviewees' judgment show less significant importance values, in that they assume values below 3 (to which a sufficient importance value corresponds). To be singled out amongst these is the value registered by the "Bonus and promotions for new clients and loyal clients" factor, being equal to 2.98, which emphasizes that interviewed online gamblers consider less relevant, compared with the other aspects hitherto described, this marketing mix factor that is expressly aimed at attracting new clients and the creation of a relationship of stable loyalty with the consumer.

Coherently with the cognitive objectives of the work we proceeded to verify whether and how the importance of the choice factors varies in relation to the diverse degree of consumer loyalty. For this purpose the investigation sample was divided into two segments of gamblers: a first segment is composed of consumers who are exclusively loyal to an online website and from those who have expressed a divided (polygamous) loyalty; a

second segment is composed of consumers who declared themselves not to be loyal to any gambling websites, and by those who expressed an unstable loyalty.

From reading Table 2, in which the results of this investigation are reported, there emerge several differences in the importance values of the choice factors investigated expressed by the two segments analysed, but these differences do not appear particularly significant.

The only factor which sees the judgments expressed on average by the gamblers belonging to the two segments of clients vary significantly is the one relating to the payout rates. For the online gamblers who have expressed a degree of exclusive or divided loyalty to specific betting websites it emerges that the choices to gamble at one online site are more conditioned by factors such as security and efficiency of monetary on line transactions, range of bets, reputation of website and usability of website technology, than by payout rates (which however register an average importance value equal to 3.85); whereas, for the non-loyal online gamblers or those with an unstable loyalty, the purchase choices move from one website to another, being influenced most relevantly by the offered price factor (which registers an average importance judgment of 4.49).

6. Discussion and Managerial Implications

The analysis carried out offers interesting points of reflection for management scholars regarding the loyalty typologies which link the consumers to the gambling sites in the regulated online betting sports industry, and to the managers of the firms operating in that sector as to certain critical aspects to be managed in order to improve the effectiveness of the marketing strategies.

The empirical investigation has first of all granted showing that, in keeping with the research hypotheses, the number of gamblers who are exclusively loyal to one website in the regulated online sports-betting market in Italy is rather limited. More specifically, it has emerged that the online gamblers interviewed who have declared to be “monogamous” or totally disloyal are a minority part of the population. Most of them, instead, identify certain websites portfolios in the sphere of which they put their own choice of purchase into effect, in some cases expressing a significant degree of loyalty to one or few, in others by expressing an unstable loyalty which does not describe a stable preference for specific gambling operators. Thus also in the online sports-betting market in Italy, as shown in the frequently purchased consumer goods markets analysed through the stochastic theory, it emerges that the customers “100% loyals over any extended sequence of purchases are rare” and that, therefore “any brand’s customers mostly buy other brands, showing multibrand buying behaviour” (Ehrenberg et al., 2004, pp. 1310, 1316).

The verification at aggregate level of this typology of consumer behaviour is significant also because it indicates that, as observed (Dowling & Uncles, 1997), the NBD-Dirilecht model regularities appear to characterize not only the markets in established structural and competitive conditions, but also in the markets undergoing change and growth, like that of the Internet sports-betting one.

The result of the empirical investigation, moreover, allows us to make several interesting observations on Internet gamblers’ consumer behaviour, if read in the light of the distinctions made in the literature concerning the consumers’ repeated purchase patterns, between “repertoires market” and “subscription market”. As observed (Sharp et al., 2002), the regularities in terms of loyalty shown in the frequently purchased consumer goods markets normally have meaning in those which have been called repertoire markets, so defined as to distinguish them from markets in which a subscription to a provider is required to purchase. The subscription, in fact, normally acts in limiting multi-brand purchasing, bringing it about that in these markets the brand loyalty metrics are usually higher. The reduced level of sole loyalty measured in the regulated online sports-betting market in Italy indicates that, although for making the bets via Internet a subscription of a contract with an authorized gambling provider is necessary, this market appears to fall into the category of the “subscription free choice markets”. The features of virtuality and immateriality of the digital consumption process, in fact, reduce the structural constraints which normally act in the subscription markets in limiting multiple subscriptions and multi-brand purchasing, by increasing for the consumers the simplicity of the passage from one gambling supplier to another, and bringing about an acquisition-type behaviour similar to that characterized by the repertoire market.

The results of the analysis relating to the loyalty typologies which unite the gamblers and the online betting sites in the Italian regulated market have certain clear implications of a managerial nature. Knowing that only a limited number of the customers is exclusively loyal to one specific online betting site, and that therefore the bettors mostly adopt a multi-brand buying behaviour, implies that the competition in the on line sports-betting market is renewed in most cases at every act of purchasing. In the markets in which this pattern appears, “it seems unlikely that a loyalty program could fundamentally alter this behaviour” (Dowling & Uncles, 1997, p.

74). For this reason the customer loyalty programs appear less efficacious in increasing market penetration with respect to the decisions relating to the factors that the gamblers value when they select the website through which to make a bet. The investigation analysis carried out has granted with regard to identifying—in keeping with the cognitive objectives of the work—the factors that influence more the decision to bet at one online gambling site over another. The knowledge of these features in a highly competitive market such as that of the online sports betting market is important in that it allows the managers of the gambling operators to obtain information regarding the factors to be developed in order to make the online gambling offer more attractive, and to indirectly improve the client's level of loyalty. More specifically, it results from the investigation that the main factor influencing the decision to bet at one online site is related to the payout rates. This finding is in keeping with the literature findings (Eadington, 2004) which show that in the online gambling industry the price, in the form of payout to the player, is a very strong competitive factor. In effect, one of the main motivations which drive the consumers to utilize the Internet to carry out the bets is that usually online gambling sites offers higher payout rates with respect to the terrestrial operators (Note 9), since these sites can reverse on the player part of the savings of the cost deriving from not having to sustain the high investments necessary for managing a physical distribution network. It is also necessary to consider that Internet gambling offers a very high information transparency for the bettors, which attributes special significance to the choices in terms of payout offered. The presence of numerous internet sites of an informative type which compare the payout rates offered by the various gambling operators, as well as the simplicity with which it is possible to pass in real time from one online betting site to another, facilitates the comparison among payout rates, a comparison which in the past required a physical movement among betting shops on the territory and which was therefore more complex and burdensome.

Finally, from the investigation a different impact of the price factor on the purchasing decisions has emerged in relation to the different level of consumer loyalty. For the on line non-loyal gamblers or with an unstable loyalty the payout rates seem to have a decisive influence on the decision to bet on a specific websites, whereas for the players who express a degree of exclusive or divided loyalty the variable price, albeit important, has less influence compared with other choice factors examined. This is in keeping with the findings in the literature (Uncles & Dowling, 2003; Krishnamurthi & Raj, 1991) which show that the price factor normally has a more relevant influence on the purchasing choices of the less loyal customers, compared with those of the more loyal ones.

7. Limits

The present work is characterized by several limits associated with the methodology investigation adopted.

A first limit concerns the use of a convenience sample, which is justified by the exploratory nature of the investigation marked by the absence of previous research, in the regulated online sports-betting industry in Italy, into the study of the loyalty typologies characterizing the relationship between gamblers and online betting sites, and of the factors influencing the decision to gamble at one online site. In this regard it is opportune to observe that, in agreement with the indications of the statistical studies for social research which require for the analyses based on convenience sampling of “preventing the sample from being too homogeneous” (Albano, 2013, p. 10), the distribution of the sample examined by age is in keeping with that of the reference population, described by the analyses carried out on the on line accounts in the segment of the sports bets in Italy (Betclick, 2013).

A second methodological limit of the research is of a more general character, in that it is connatural in the empirical research carried out through surveys based on findings of “self-report” data. In the literature in fact it has been revealed that these investigations are occasionally subject to error in measuring the consumer's motivations and acquisition behaviour (Feldman & Lynch, 1988; Wind & Lerner, 1979). In this regard it is to be pointed out that in processing and administering the questionnaire certain stratagems have been adopted in keeping with what had been proposed in the literature (Feldman & Lynch, 1988), aimed at mitigating the potential measuring problems. In particular, a test has been carried out of the factors examined, through a pilot investigation into a restricted sample of consumers, and for the construction of the questionnaire both terms and lexical constructs normally adopted by interviewed subjects have been used, in order to allow them to express their own perceptions in the most correct and spontaneous way possible.

Finally it is to be emphasized that the results of the empirical investigation refer to the Italian regulated online sports-betting market, and as such cannot be extended to other geographical situations. Nevertheless, considering that this market appears particularly well developed—thanks to a legislation regarding online gambling amongst the most structured in the world—and with a solid cultural acceptance of online sports betting, it seems quite representative of the geographical markets characterized by an organic body of regulations of Internet sports

betting, in which the online betting decision-processes are sufficiently well consolidated.

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Notes

Note 1. Our processing of data from Agenzia delle Dogane e dei Monopoli [ADM].

Note 2. Our processing of data from: AGIMEG, 2016; ADM, 2016; Politecnico di Milano, Osservatorio Gioco on line, 2016.

Note 3. Ehrenberg and his colleagues have made a statistical analysis of the consumers' purchase behaviour of various products and services frequently purchased (Coffee, ready-to eat breakfast cereals, newspapers, aviation fuel, toothpaste, laundry detergent, petrol, television programs, airline usage, etc.), in various geographical areas, for a period longer than 20 years.

Note 4. In 2014, in Italy 391 thousand were user owners of an active on line account in the sports bets segment (Politecnico di Milano, Osservatorio Gioco on line, 2015).

Note 5. <http://www.survio.com/survey/d/indaginescommessesportiveonline>.

Note 6. The independent online forums on sports bets permit the members to share a series of useful information in order to increase the probability of bet winning. The link to access this questionnaire has been included in a discussion centre of the forums purposefully earmarked for the investigation.

Note 7. The consumers interviewed were almost 18 years old (minimum age permitted for betting on legal gambling sites in Italy).

Note 8. Several additional questions were included in the questionnaire, which are not described in the analysis carried out in this work.

Note 9. The data of the regulated online sports-betting industry in Italy relating to the difference in payout between land-based gambling and on line gambling confirm this statement. In the period 2008-2013 this difference oscillated between 5 and 10 per cent in favour of the digital distribution channel and spread further in the period 2014-2015, until it passed in certain periods to 15 per cent (our processing of data from the Agenzia delle Dogane e dei Monopoli-ADM).

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