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## **Sportech/Vernons Merger Inquiry**

**A research report for  
Competition Commission**

**Provided by:** GfK Consumer

**Our Ref:** J437233

**Your contact:**

David Rodgers, Sector Head

Phone: +44 (0)20 7890 9779 / 9770: +44 (0)20 7890 9744

e-Mail: [david.rodgers@gfk.com](mailto:david.rodgers@gfk.com)



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**Appendix**

Questionnaire



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## **1 Background**

The Office of Fair Trading (OFT) has referred the anticipated acquisition by Sportech plc of the Vernons football pools business from Ladbrokes plc. The consequence of the merger is that Sportech will control almost all of UK football pools. Sportech operates the Littlewoods football pools (Littlewoods) and the Zettors football pools (Zettors). Ladbrokes plc (Ladbrokes) through its subsidiary Vernons Pools Limited, operates the Vernons football pools business (Vernons).

The Competition Commission (CC) wished to understand customers' characteristics and behaviour, including price sensitivity, whether customers see Vernons as an alternative to Littlewoods pools, and the alternatives that customers see to betting on the pools, such as the National Lottery or other gaming products.



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## **2 Research Objectives**

The objectives of the research study were to:

- Describe the historical gaming behaviour of customers
- Identify the attitudes of customers and the importance of attitudes in choice
- Identify alternative gaming options
- Test customers' stated intentions in response to price changes
- Gather customer demographics



### 3 Research Design

#### 3.1 Sample Design

The survey was designed to provide a representative coverage of all pools players, representative by method of entry to the competition and by brand of pools operator used.

The sample structure was built to provide this representative coverage, but also to allow separate analysis of Zettlers customers, as well as Vernons and Littlewoods; and also of the internet channel, as well as the agent collected and uncollected channels.

A target of 1,100 interviews was set, to include a boost sample of Zettlers customers and those who played by internet to ensure that we had approximately 100 interviews within these two specific sub-groups. Data was weighted at the analysis stage to the actual number of players by brand and entry method, which ensured that the total sample was representative of the market. The profile of interviews achieved was as follows:

**Table 1: Sample Profile**

Player Type	Research Sample	
	Unweighted	
	Number	%
Littlewoods – Collected	297	27%
Littlewoods – Uncollected (excl. internet)	330	30%
Vernons (excl. Internet)	290	26%
Zettlers	89	8%
Internet – Vernons & Littlewoods Combined	90	8%
Total	1,096	100%



### 3.2 Methodology

Interviewing was conducted by telephone, but due to the need to use stimulus material for the conjoint sections of the questionnaire (see below) the recruitment involved a number of stages.

The sample was provided by the Competition Commission, drawn at random from a list of players who played the pools competition on Saturday 28 April, 2007. Letters informing customers of the research taking place were sent out to these players. The players were recruited, by telephone, to take part in the research, having first matched up telephone numbers to the sample. In total, 10,000 letters were sent out, from which 1,650 players were recruited for the survey in the anticipation that 1,100 would subsequently take part in the main survey. Survey recruitment took place 9-17 June 2007. The breakdown of responses to the initial letter of invitation is shown below:

**Table 2: Breakdown of responses to initial invitation letter**

<b>Sample type/outcome</b>	<b>Number</b>
Total sample used (out of the 10,000)	5615
Didn't play football pools	715
Telephone numbers not in use	622
Respondent unobtainable	380
Sample still in use	676
Refused to participate	1568
Completed interview	1654



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The 1,650 players recruited for the survey were then sent the stimulus material for the survey, and these players re-contacted by telephone to complete the main survey questionnaire. These follow-up interviews took place 15-24 June 2007. The breakdown of responses to the follow-up interview was as follows:

**Table 3: Breakdown of responses to the follow-up interview**

<b>Sample type/outcome</b>	<b>Number</b>
Total sample used	1621
Telephone numbers not in use	27
Respondent unobtainable	183
Sample still in use	100
Refused to participate	209
Interview completed but edited out at analysis stage	6
Completed interview	1096



### **3.3 Next-best alternatives, price sensitivity and customer trade-offs**

Customer reaction to a change in the product offering was evaluated in two different ways. First customers were asked to say what their reaction would be if their current pools operator no longer offered the football pools, and if the football pools were no longer offered at all. From this we identified the extent to which customers would divert to another pools operator if their current operator no longer offered the pools, and the extent to which players would divert to other gambling activities if the pools no longer existed. These questions were asked directly as part of the main interview.

We tested customer reaction to different price changes by asking customers to express their preference between Littlewoods and Vernons at different price points. The price points for each brand (current prices: Littlewoods price changes by -5%, +5% and +10 % with Vernons price held at the current level: Vernons price changes by -5%, +5% and +10% with Littlewoods price held at the current level) were presented on a showcard, side by side and customers asked which of the two brands they would choose to play (or not play at all).

Finally, we used a Choice-Based Conjoint (CBC) approach to test how players would respond to changes in the cost of selections, the size of the prize fund, the number of other players and the size of the first dividend (assuming provision from their current pools operator). This approach required different products to be presented on showcards (three products side-by-side) and customers asked to express their preference between the three products.



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### **3.4 Pilot**

The survey questionnaire underwent a rigorous programme of pilot interviews to ensure that customers could understand the task that was being asked of them, and that the language used in the survey was unambiguous and clear to all respondents.

Initially we conducted a cognitive pilot in a central location test. A random selection of 20 pools players were recruited on-street to take part in the pilot, which involved respondents being asked first to complete the survey, and then asked a series of questions about the survey to check that it was working properly. Following this cognitive test, some changes were made to improve the survey questionnaire.



## 4 Summary of Key Findings

The Competition Commission has been asked to examine the anticipated acquisition by Sportech plc of the Vernons football pools business from Ladbrokes plc. Research was therefore required to understand customers' characteristics and behaviour, including price sensitivity, whether customers see Vernons as an alternative to Littlewoods pools, and the alternatives that customers see to betting on the pools, such as the National Lottery or other gaming products.

1,096 telephone interviews were conducted with a representative sample of pools players (including a boost sample of Zettors customers and those who play via the internet). Fieldwork was conducted 15 – 24 June 2007.

Nearly all those interviewed (95%) played the pools on a weekly basis, or more often, and three-quarters (74%) of those who played at least weekly indicated that they paid in advance, rather than paying each week. In addition to playing the pools, customers were asked how frequently they bet on other gambling activities. Most (70%) bet on the National Lottery at least weekly, but few bet regularly on other forms of gambling.

The majority of the players interviewed were male (73%) and aged 45 years and over (93%). Most had been playing the pools for a long time - 86% had been doing so for at least 10 years, and over half (54%) for over 30 years.

Only a minority (39%) expressed a specific reason, other than habit, for spending money on the pools rather than on other forms of gambling. The most commonly cited reason was the convenience of playing the pools. Littlewoods customers whose coupon is collected, were more likely to say the reason was habit (39% mentioning "always have done") as were Zettors customers (39%).

Most played with just one operator (87%) and, again, only a minority gave a specific reason for their choice of pools operator other than habitual behaviour. However, there were some differences in the reasons given between the pools operators. Key reasons for choosing Littlewoods – other than habit/tradition - were the larger jackpot/prizes, that they collect the entry and the higher number of prizes whereas Vernons and Zettors customers were more likely to cite the cost of entry, particularly Zettors customers. There was generally high awareness that Littlewoods and Vernons offered the pools, but less than half of Littlewoods and Vernons customers knew that Zettors provided a pools operation.



Very few players had stopped using another pools operator in the last five years (6%).

Knowledge of the pools payout details was very patchy. Only 1% of players correctly stated the proportion of the fund that is paid out in prizes, or correctly stated the commission levels that are paid to the operator. Few knew the typical top prize that is paid when the dividend forecast is good, and customer estimates tended to be higher than the actual figure paid out by each operator. Only a minority of customers knew that the payout from their operator was at about the same proportion (of the pool) as other operators, or that it was much less than the proportion paid out by the National Lottery.

Reaction if their pools operator stopped providing the pools varied by brand. Just 3% of Littlewoods customers, and only 2% of Littlewoods collected customers would move to another operator. Where Littlewoods customers indicated they would move, it was mostly to Vernons. A higher proportion of Vernons customers would switch to another pools operator (3%), and in most cases they would switch to Littlewoods. Zettors customers would be most likely to switch to another pools operator (3%), most usually to Vernons but also some to Littlewoods.

Respondents were asked to say whether they would choose to play with Littlewoods or Vernons with seven different pricing scenarios:

Scenario	Littlewoods Price	Vernons Price
A	Current price	Current price
B	-5%	Current price
C	+5%	Current price
D	+10%	Current price
E	Current price	-5%
F	Current price	+5%
G	Current price	+10%



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The analysis suggests that if Littlewoods increases its prices by 5%, it would *lose* 3% of customers and 3% of its revenues (assuming that Vernons keeps its prices the same), and 3% of customers and 3% of its revenues with a 10% price increase. On the other hand, if Vernons increases its prices the results suggest that it will increase revenues, by 3% if it raises its prices by 5% (assuming Littlewoods keeps its prices the same) and by 3% with a 10% price increase. This is because it would not suffer a loss in customer numbers if it increases its prices.

A Choice-Based Conjoint (CBC) approach was used to test how players would respond to changes in the price of selections, the size of the prize fund, the number of other players and the size of the first dividend (assuming provision from their current pools operator). The results from this analysis indicate that customers place more importance on the price of selections than they do on the other aspects of the product. This was true of customers of each of the pools operators, and regardless of the method used to enter the selection (although internet players were more attracted by the size of the prize fund).



## 5 Customer Profile

The majority of the players interviewed were male (73%) and aged 45 years and over (93%). The demographic profile was skewed towards social grade DEs (33%) compared with the national average.

There were some differences in customer profile by brand of operator used and entry method. It should be noted that customers have been classified in this report according to which operator the respondent told us they spend the most money with (rather than the sample classification). Zettlers customers were more likely to be male, and internet customers female, compared with other pools players. Those using the internet were much more likely to be social grade ABC1 and were less likely to be 65+ years. There were more DEs among Littlewoods collected customers than among other customer groups.

**Table 4: Demographic profile**

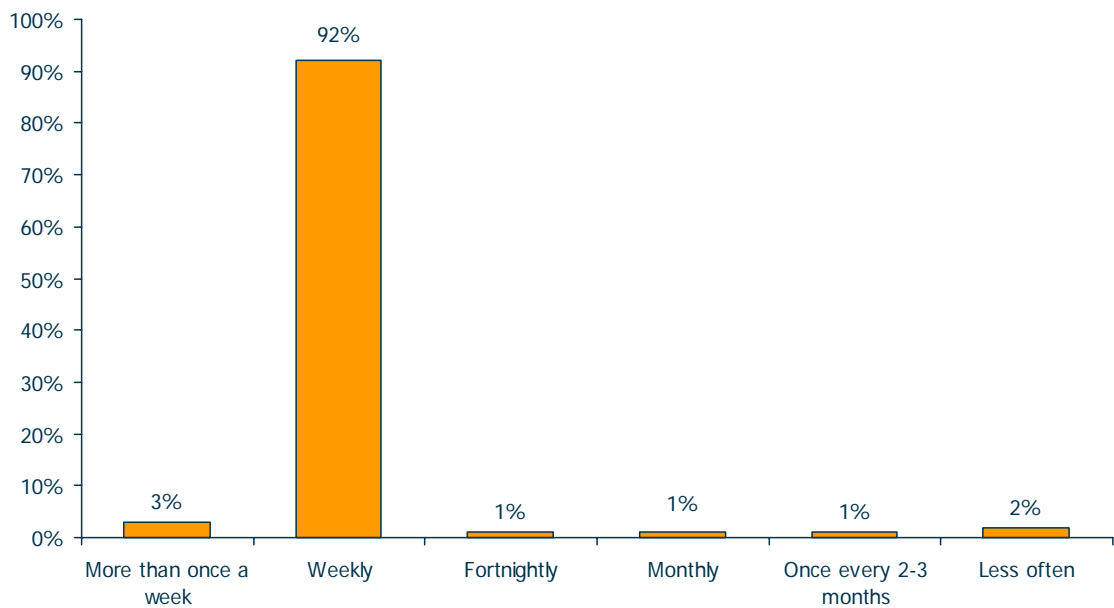
[ ✂ ]



## 6 Gaming Behaviour

Nearly all played the pools on a weekly basis, and playing frequency was consistent by entry method and by brand of pools operator used.

**Chart 1: Frequency of playing football pools**



Base: All (1096)

Most played the football pools only on their own behalf (93%), rather than as a syndicate member (4%), or as a member of a syndicate and on their own behalf (3%). The latter group were asked to answer the questions in the survey in terms of playing on their own behalf.

Those who played the pools weekly or more often were asked how they paid - whether they paid each week, or paid for a number of weeks in advance, or some combination of both. Three quarters said they paid in advance. However, this proportion varied by customer type with a much lower proportion paying in advance among Littlewoods collected customers. Vernons and Zettors customers were most likely to pay in advance.



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**Chart 2: Whether pay each week or in advance**



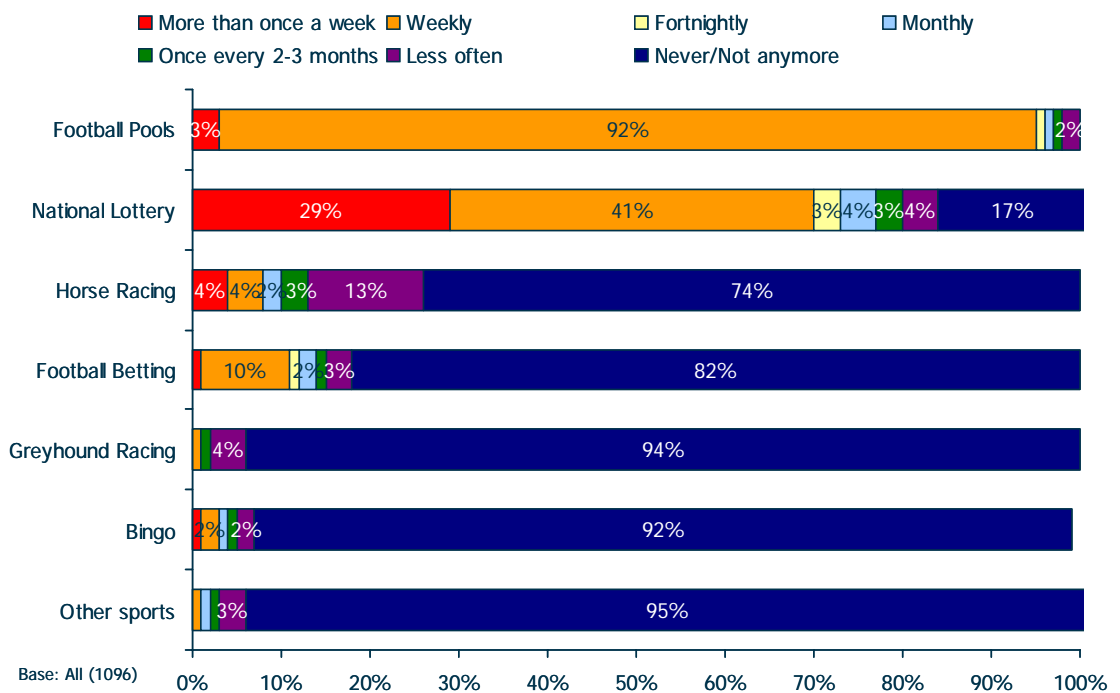
There was a considerable spread of responses to the question about how many weeks are paid for in advance. 28% of advance payers make payments for 5 weeks or less in advance, whilst 13% pay for 51+ weeks in advance.

6% of those interviewed said they played 'Spot the ball' or some other game with their main pools operator.



In addition to playing the pools, customers were asked how frequently they bet on other gambling activities. Most (70%) bet on the National Lottery at least weekly, but few bet regularly on other forms of gambling.

**Chart 3: Frequency of gambling activity**



Nearly all those who play the National Lottery at least once a fortnight said they played the Lotto game (96%), whilst 19% played Thunderball and 15% EuroMillions. No more than 5% played any of the other National Lottery games.



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It was apparent that many customers had been playing the pools for a long time. Most (86%) had been doing so for at least 10 years, and over half (54%) for over 30 years. Littlewoods customers, and those whose coupon was collected by an agent in particular, tended to have been playing for a long time, whilst Vernons customers and those playing via the internet were more likely to have started recently – but even among the two latter groups three quarters had been playing the pools for at least ten years.

**Chart 4: Length of time have been playing the football pools**

[ ✂ ]



The method of entry reflected the overall mix of players in the market, with expected differences by operator used as indicated in the table below. Only a few customers (9%) had changed their method of entry in the last five years, in most cases either because the new method was seen as more convenient (45% of customers) or because the old method was no longer available (18%).

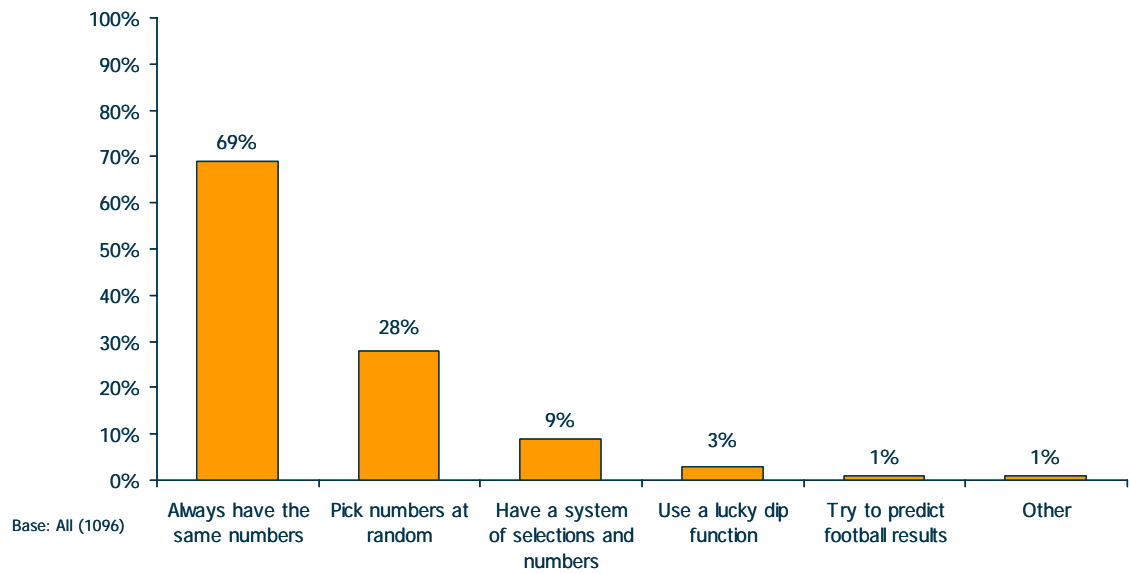
**Table 5: Method of entry**

	<b>Total</b>
Unweighted base:	(1,096)
Weighted base:	(1,096) %
A collectors comes to my home - paper coupon	8
A collector comes to my home - electronic device/swipecard	16
By phone	17
By post	39
At a bookmaker's office	2
Local shop - paper coupon	4
Local shop - electronic device/swipecard	4
Internet	2
Someone else does it for me	7
Other	4



Very few pools players picked their numbers on the basis of trying to predict the football results. Most players always picked the same numbers.

**Chart 5: How choose entry numbers**





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Customers were asked how many numbers per line they usually pick when they play the football pools. As expected, responses varied by brand as indicated in the chart below. Littlewoods customers normally picked 10 numbers per line, whilst Vernons customers were more likely to pick 11 numbers, and Zettors customers either 11 or 12 numbers.

**Chart 6: Numbers per line usually played**

[ ✂ ]



As part of the detailed questioning about their playing of the pools, players were asked how much they spend in an average week when they play. Again, results varied by brand with fewer Littlewoods customers spending less than £2 compared with either Vernons or Zettlers customers.

**Table 6: Amount spent on football pools in an average week**

	Total
Unweighted base:	(1,096)
Weighted base:	(1,096)
	%
Less than £1	11
£1 - less than £2	40
£2 - less than £3	23
£3 - less than £4	13
£4 - less than £5	5
£5 - less than £10	7
£10 or more	2

Respondents were asked whether they spend the same amount on the football pools each time they enter, and nearly all (98%) said they did so. They were subsequently asked whether they change the amount they spend with each football pools operator when they play with them, and just 3% indicated that they changed the amount they spend with each operator.



Not unexpectedly, the payment method used varied by entry method and operator used. Nearly all Littlewoods collected customers paid by cash, Vernons and to a lesser extent Zettlers customers tended to pay by cheque, whilst internet customers mostly used debit cards or direct debit.

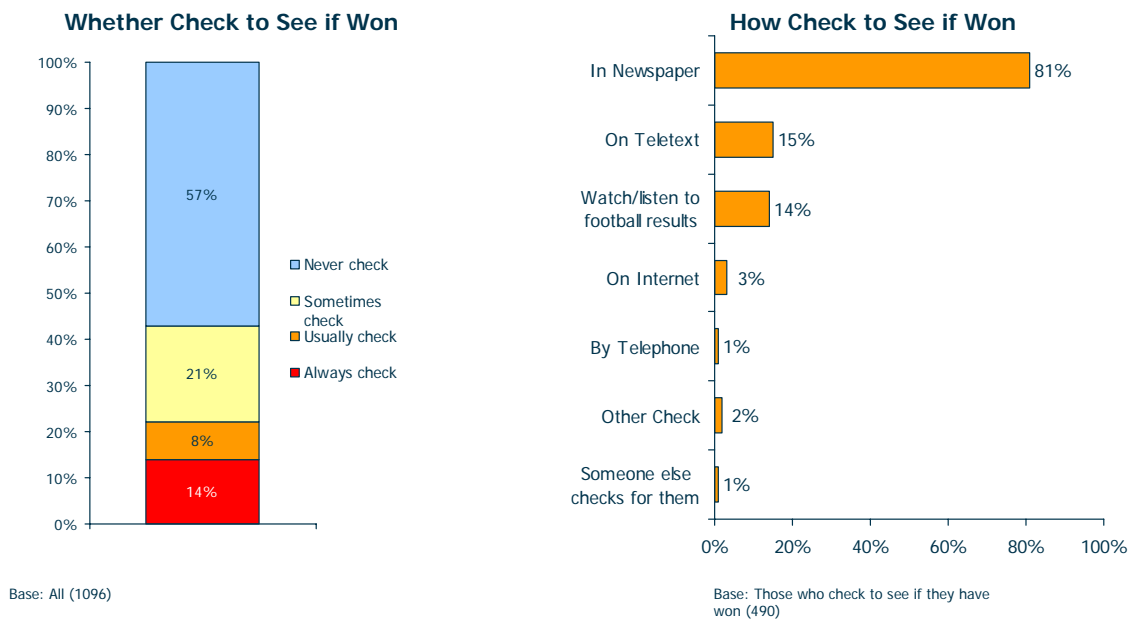
**Table 7: How usually pay for football pools entry**

	<b>Total</b>
Unweighted base:	(1,096)
Weighted base:	(1,096)
	%
Cash	30
Cheque	27
Credit card	10
Debit card	12
Direct Debit	15
Standing order	4
Other	2



The majority of players (57%) never check to see if they have won the football pools. Interestingly, Vernons customers were less likely to say they checked (only 32% did so), and this did not just reflect the entry method, as the proportion of Littlewoods uncollected customers who checked was higher (38%) than for Vernons. The usual method employed for checking was via a newspaper.

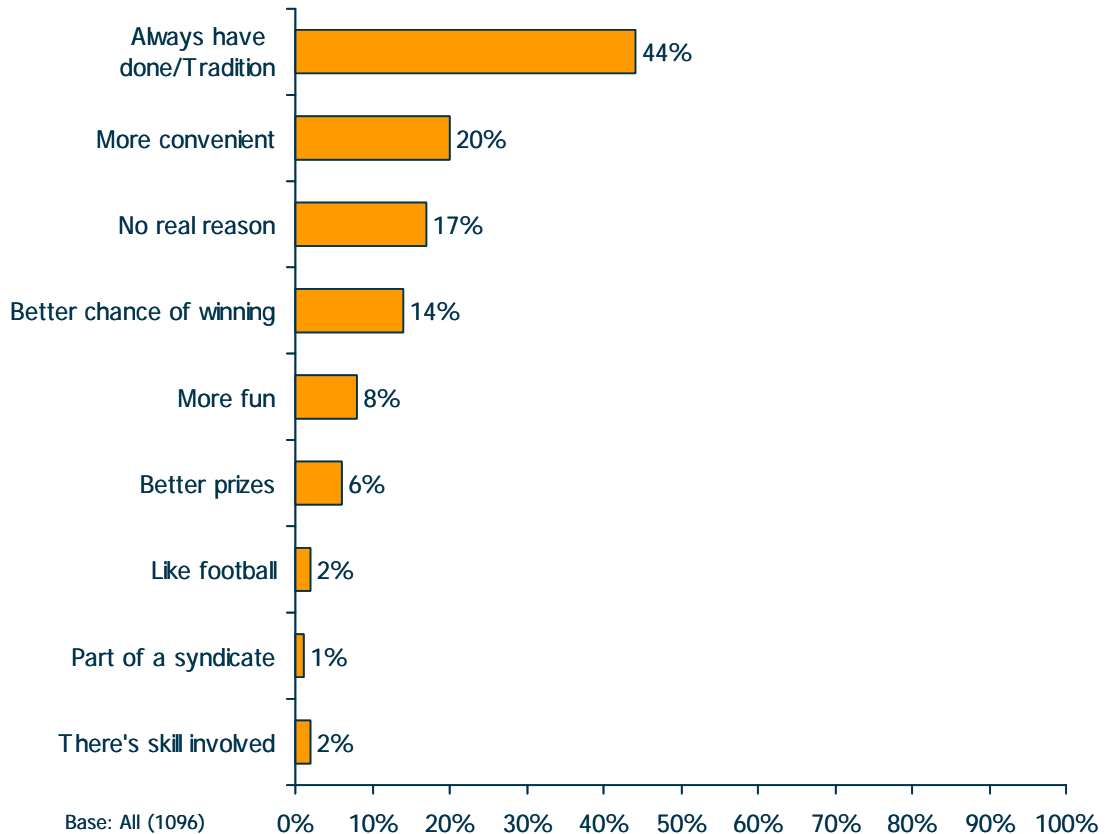
**Chart 7: Method of checking to see if won**



Only a minority (39%) expressed a specific reason, other than habit, for spending money on the pools rather than on other forms of gambling. The most commonly cited reason was the convenience of playing the pools. Littlewoods customers whose coupon is collected, were more likely to say the reason was habit (32% mentioning “always have done”) as were Zettlers customers (32%). There was little evidence to suggest that playing the football pools increased players’ enjoyment of football – just 7% indicated this was the case, with 92% saying it made no difference (and 1% saying it made them enjoy football less).



**Chart 8: Why choose to spend money on pools (rather than other forms of gambling)**

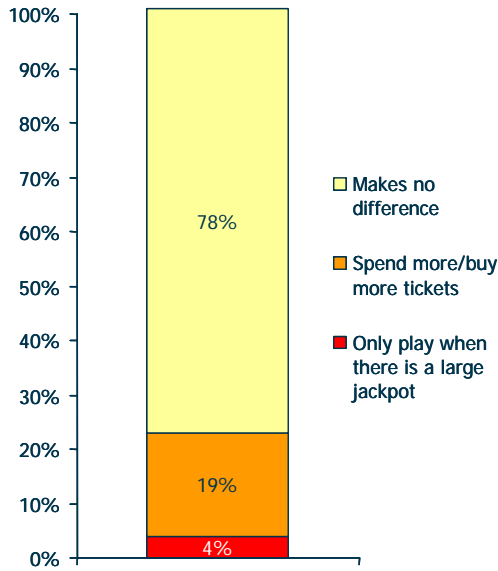


Players who bet on the National Lottery (ever placed a bet) were asked whether a large National Lottery jackpot, such as a rollover or a superdraw, affected their playing of the National Lottery. Under one in four said it made a difference, mainly in that they spend more on the lottery in these circumstances. There was no evidence, however, that this impacted playing of the football pools, with nearly all saying that the occurrence of a rollover or superdraw in the National Lottery made no difference to how much they spend on the pools.



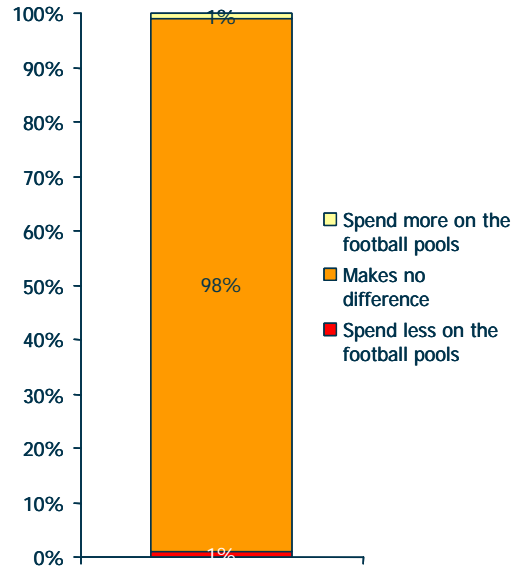
Chart 9: Impact of National Lottery rollovers on behaviour

Impact on Playing of National Lottery



Base: All who play National Lottery (906)

Impact on Playing of Football Pools



Base: All (800). Asked of all after first 3 nights of interviewing



## 7 Choice of Pools Operator

### 7.1 Brand Awareness and Usage

Players were most aware of Littlewoods (95%) followed by Vernons (86%). Just under half of players were aware of Zettors (46%). The high level of awareness of the Vernons and Littlewoods brands was common to all players, whilst awareness of Zettors was above 50% only amongst its own customers (who by definition were all aware).

#### Chart 10: Spontaneous awareness of pools operators



Littlewoods was the most widely used pools operator, 87% of players being customers compared to 86% for Vernons and 46% for Zettors. The majority of players use only one pools operator (87%), although this was lowest amongst Zettors customers (46%).



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**Chart 11: Total usage of pools operators**



Where there is multiple usage of pools operators, players usually play with Littlewoods and Vernons. Only 1% played with all three of the main operators.

**Chart 12: Combinations of pools operator usage**





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The majority of players could not give a specific reason for their choice of main pools operator other than the fact they have always done so. However, there were notable differences in the reasons between the pools operators, reflecting their differing market positions. Key reasons for choosing Littlewoods – other than habit/tradition - were the larger jackpot/prizes, that they collect the entry and the higher number of prizes whereas Vernons and Zettors customers were more likely to cite price – particularly Zettors which is the cheapest of the three operators. The most common additional reason for playing with more than one operator, cited by 15% of those that did so, was to increase their chance of winning.

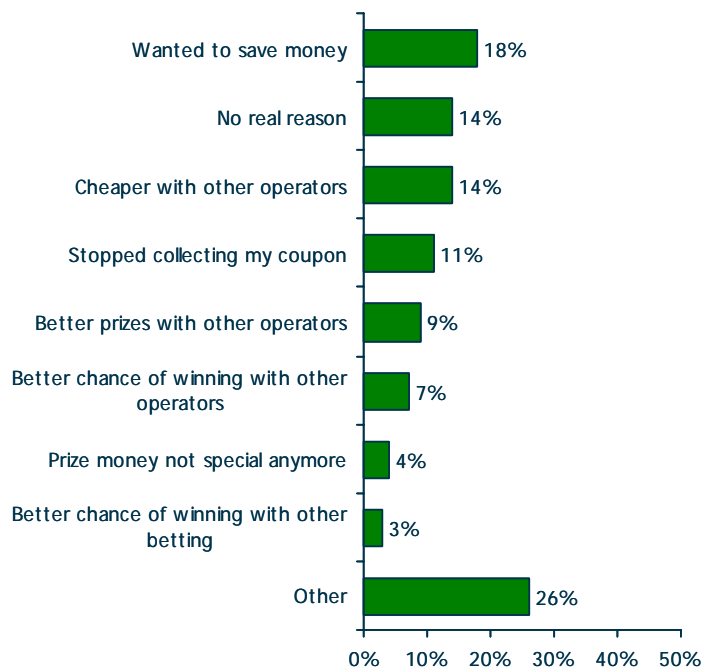
**Table 8: Reasons for choosing pools operator**





Very few players had stopped using another pools operator in the last five years (6%). Amongst those that had, the main reason was to save money (18%). Notably the second highest mentioned factor was 'No real reason'. 30% switched because another pools operator offered better value in terms of entry prices (14%), prizes (9%) and/or winning chances (7%).

**Chart 13: Reasons for leaving pools operator**



Base: Those who have stopped using a pools operator (76)

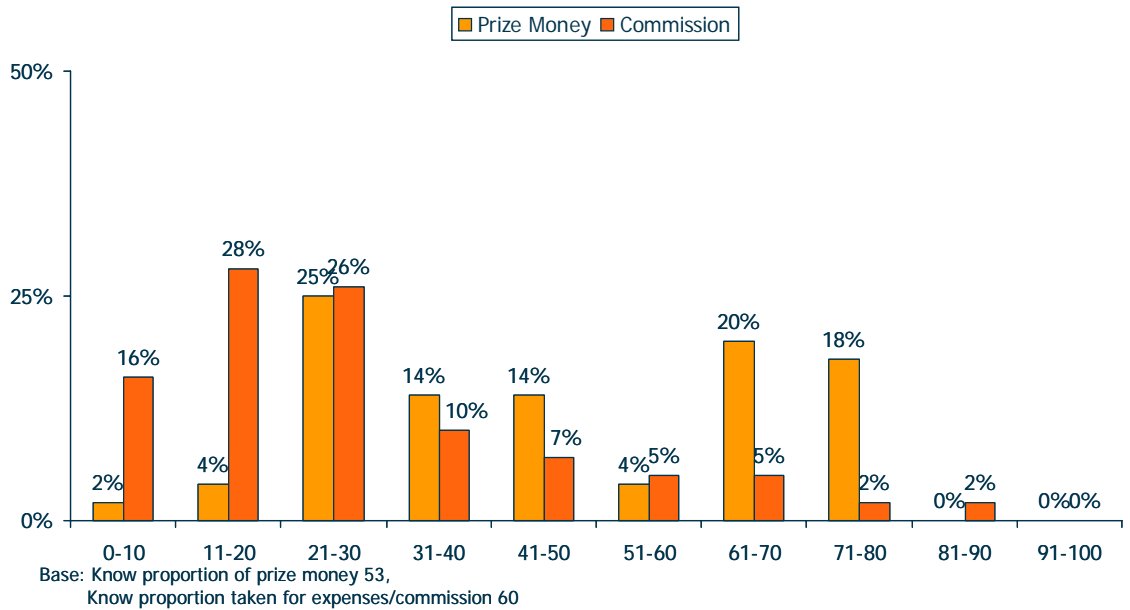


## 7.2 Product knowledge

Only 5% of players felt they knew the percentage of entry money provided as prize money. Similarly, only 5% felt they knew the percentage taken for expenses and commission.

Amongst the few players that claimed to know the proportion provided as prize money, just 26% were correct in stating it was in the 25% range. Others believed it was very different with some saying over 50% of the pool is paid out. Players were equally inaccurate in stating the amount taken as expenses and commission.

**Chart 14: How much of entry money is provided as prizes/taken as commission**



Respondents were asked whether they thought their pools operator paid out more, the same amount, or less of the entry money as prizes compared with other pools operators. There was a considerable proportion who did not know (41%), suggesting pools players may not be considering this as an important factor in their choice of operator. Only a minority of customers knew that all the pools operators paid out about the same proportion.



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**Chart 15: How proportion of entry money paid out as prizes compares to other pools operators**



Respondents were then asked whether they thought their pools operator paid out more, the same, or less of the entry money as prizes compared with the National Lottery.

Similarly, a large number of players did not know how the proportion of entry money paid out as prizes by pools operators compared to the National Lottery (45%). Zettors customers tended to be more knowledgeable in this respect, with 38% knowing that the pools paid 38% than the National Lottery.



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**Chart 16: How proportion of entry money paid out as prizes compares to the National Lottery**

[ ✂ ]

Players were also mainly unaware of the expected top prizes for a good dividend, particularly Vernons customers (82% did not know). Players generally believed that the top prize was much higher than it actually is, with the exception of Zettors customers – 82% of whom correctly identified their top prize as being less than £82.

**Chart 17: Expected top prizes when dividend forecast is 'good'**

[ ✂ ]



## 8 Testing stated preferences

### 8.1 Behaviour if pools no longer offered by current operator

If players could no longer enter the pools with their current operator, a quarter would divert to playing with an alternative company (24%). Littlewoods customers were least likely to divert whilst over [ 38% ] of Vernons customers would do so, and over [ 38% ] of Zettlers customers. Within the different types of Littlewoods players, those whose entry was collected were least likely to divert to an alternative pools operator (38%). This may be linked to their entry method - these players not wanting to change from having their entry collected.

#### Chart 18: Reaction if current main pools operator no longer provided pools

[ 38% ]

As shown above, if players' current pools operators ceased to offer the pools, the majority (55%) would either save the money or spend it on 'non-gambling activities'. Those who would spend the money on other forms of gambling would mainly switch to the National Lottery (82%) – only a minority would spend it on horse racing (10%) and other football betting (6%).



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If switching to another pools operator, most players would switch between the two companies with the largest market shares: Littlewoods and Vernons. If Vernons were to cease to offer the pools, most of those who would divert would go to Littlewoods whilst the majority of Littlewoods players would divert to Vernons. Very few would switch to Zettors.

Zettors customers were split between those who would divert to Littlewoods and those to Vernons. Around 38% of those who would divert would switch to Vernons whilst a slightly smaller proportion would switch to Littlewoods. That more would switch to Vernons may reflect the fact that its prices are closer to Zettors than to Littlewoods.

Littlewoods customers whose entry is collected were less likely to switch to Vernons than those whose entry is not collected – 38% of collected customers who would switch would go to Vernons whilst 38% of uncollected customers would do so.

**Chart 19: Pools operator that would move to if current main operator no longer provided pools**

[ ✂ ]

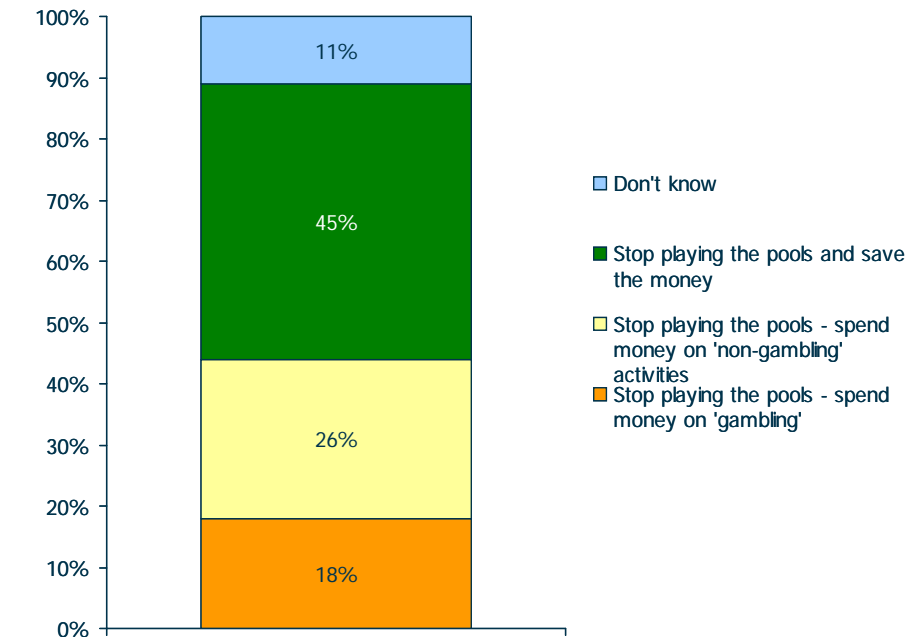


## 8.2 Behaviour if pools no longer offered by any operator

Those who indicated they would switch to another operator if their current pools company ceased providing the pools were asked what they would do if no operator provided the pools. The chart below shows how pools money would be spent, across the sample as a whole, if the pools were no longer offered by any operator (taking into account results from the previous section).

Nearly three-quarters indicated they would either save the money or spend it on 'non-gambling activities', and just 18% that they would spend the money on other gambling activities.

**Chart 20: How pools entry money would be spent if pools no longer available from any operator**

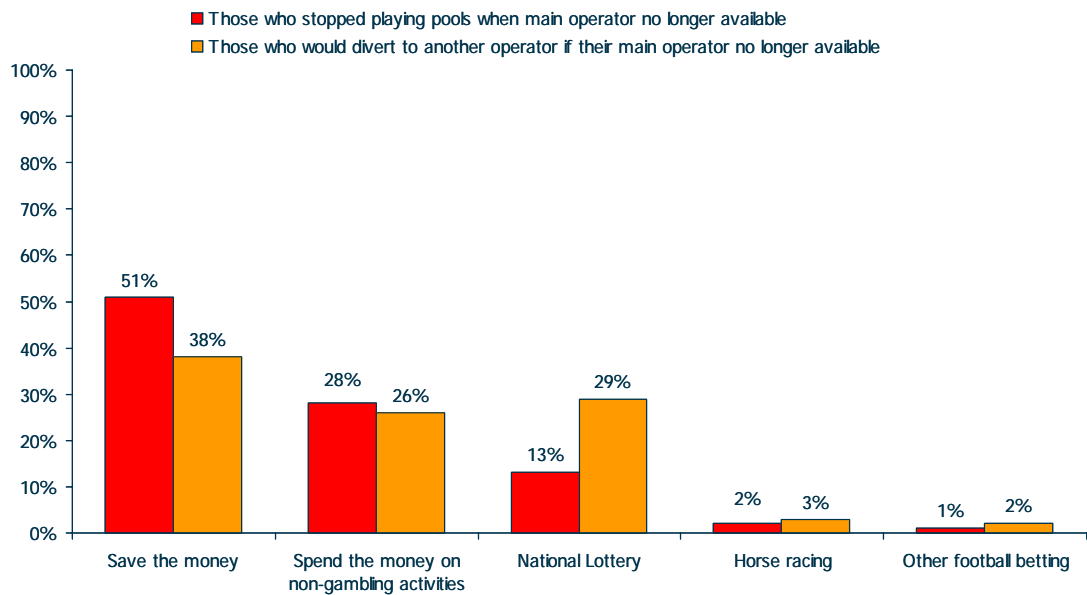


Base: All (1096)



Those who would divert to another operator, if their current pools provider stopped offering the pools but others continued to do so, were more likely to continue to spend the money on other forms of gambling, principally the National Lottery, if all football pools ceased to exist.

**Chart 21: What other activities pools money would be spent on**



Base: Those who would stop playing the football pools if their main operator ceased to provide the football pools (726)  
Those who would divert to another pools operator and only ceased to play the football pools if they were no longer available from any provider (300)



## 9 Reactions to price changes

### 9.1 Introduction

Respondents were asked to say whether they would choose to play with Littlewoods or Vernons with seven different pricing scenarios:

Scenario	Littlewoods Price	Vernons Price
A	Current price	Current price
B	-5%	Current price
C	+5%	Current price
D	+10%	Current price
E	Current price	-5%
F	Current price	+5%
G	Current price	+10%

The price scenarios were presented to respondents on different showcards, with the price for each brand described in terms of the cost per “number of selections” (e.g. 10 selections = 75p, 11 selections = £2.35 etc.). For each scenario, the two brands were shown side-by-side on the showcard with the price of their selections, and the respondent asked to choose which of the two brands they would play, or whether they would play with neither at those prices.

The scenario with both brands at current prices was always shown first, and thereafter the scenario order was randomised between interviews.

In making their choice, Littlewoods collected customers were prompted with the fact that only Littlewoods offers a collection from home service.



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For each scenario, having made their choice, the respondent was asked which of the different “number of selections” options they would choose and how many columns they would buy. The interview script was programmed to calculate how much the respondent would pay in total for this choice, and this was read out to the respondent, who was then asked to confirm whether or not this is how much they would spend. If the respondent answered in the negative, they were asked whether they would change the mix of selections to spend about the same amount as they currently spend on the pools, and if so the current spend was taken as how much they would actually spend with their choice in that scenario. If at this point the respondent said they would not change the mix of selections, they were taken through the sequence of questions again to check how much they would actually spend.

So in summary, in addition to identifying the proportion that would choose each brand with each price scenario, we also measured the amount they would spend with their chosen brand (confirmed via the number of selections, the price of the selections and the number of columns they would buy).



## 9.2 Impact of Littlewoods Price Changes

In this section we examine the impact of Littlewoods price changes on the proportion of respondents that would choose to play with Littlewoods (and Vernons), and the amount spent with Littlewoods (and Vernons).

The chart below shows the results across the total sample, for each Littlewoods price point assuming that Vernons price is unchanged. In the top half of the chart we show the proportion that would choose Littlewoods, and Vernons, and the proportion that would not purchase either brand at each price point. In the bottom half of the chart, we show the total amount that the sample (of 1,096 respondents) would spend with each brand at each price point.

With both brands at their current prices, 61% would chose Littlewoods, 31% Vernons and 8% would choose neither brand (the latter includes a relatively high proportion of Zettlers customers). If Littlewoods increases its prices by 5%, the impact is to reduce the proportion that would play with Littlewoods, from 61% to 38%, and increase the proportion that would play with Vernons, from 31% to 38%. The impact of Littlewoods increasing its prices by 10% is very similar to that of a 5% price increase.

An interesting finding is the impact of a Littlewoods price *reduction*. If Littlewoods reduces its prices by 5%, with Vernons kept at the current price level, the test shows that *fewer* players would chose Littlewoods, down to 38% from 61%. This might seem counter-intuitive at face value, that a price reduction should cause a loss of customers. However, one explanation is that any price change, when presented to players who are used to paying a particular price, may cause some negative reaction simply because it is different from what they are currently used to (Can they trust it? Does it mean that the total pools pot will be smaller?).



**Chart 22: Impact of Littlewoods price changes – All**



With a 5% price increase, the analysis indicates that Littlewoods would lose revenue (down from £38 to £ 38 across the sample as a whole) due to the loss of players. Total spend with Littlewoods would recover with a 10% price increase, as there is little further loss of players and the higher selection price increases revenue, but also in this scenario the total spend is less than at the current price.

The table below summarises the changes in revenue and customers for each Littlewoods price change, compared against the scenario where both brands are at their current price. So in summary, the analysis shows that Littlewoods would lose 38% of its customers and 38% of its revenues with a 5% price increase, and 38% of its customers and 38% of its revenues with a 10% price increase.

**Table 9: Impact of Littlewoods price changes – Summary table – All**





### 9.3 Impact of Vernons Price Changes

In this section we examine the impact of Vernons price changes on the proportion that would choose to play with Vernons (and Littlewoods), and the amount spent with Vernons (and Littlewoods).

If Vernons increases its price the analysis shows that it does not lose customers and therefore increases its revenues – this is true of both a 5% and 10% price increase.

#### Chart 22: Impact of Vernons price changes – All

[ ✂ ]

As shown in the summary table below, Vernons would increase its revenues by 3% with a 5% price increase and 6% with a 10% increase. Even with a 10% price increase there is no net loss of players choosing Vernons.



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**Table 10: Impact of Vernons price changes – Summary Table – All**

[ ✂ ]



## 10 Testing the Appeal of Different Elements in Product Choice

### 10.1 Approach

To test the appeal of different elements in the product choice, players were presented with a series of choices between different pools products. Players were asked to choose which, if any of these three products they would prefer to play on the assumption that this was offered by their current main pools provider. The choices players were given were comprised from the factors and levels in the table below.

**Table 11: Factors and levels used to test product choice**

Factor	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Price of selections	10 selections - £0.75 11 selections - £1.15 12 selections - £3.35	10 - £1.00 11 - £1.50 12 - £4.50	10 - £1.25 11 - £1.90 12 - £5.60	10 - £1.50 11 - £2.30 12 - £6.70	10 - £1.75 11 - £2.70 12 - £7.80	N/A
Number of other pools entrants	50,000	100,000	200,000	300,000	400,000	500,000
First dividend	£12,500	£25,000	£50,000	£75,000	£100,000	£125,000
Size of prize fund	£25,000	£50,000	£80,000	£120,000	£160,000	£200,000

NB. Constraints were used to ensure that the first dividend was never larger than the prize fund.

Players undertook this choice task eight times, seeing different product combinations each time. Ten different versions of the exercise were undertaken (rotated between interviews) to ensure complete coverage of all combinations.

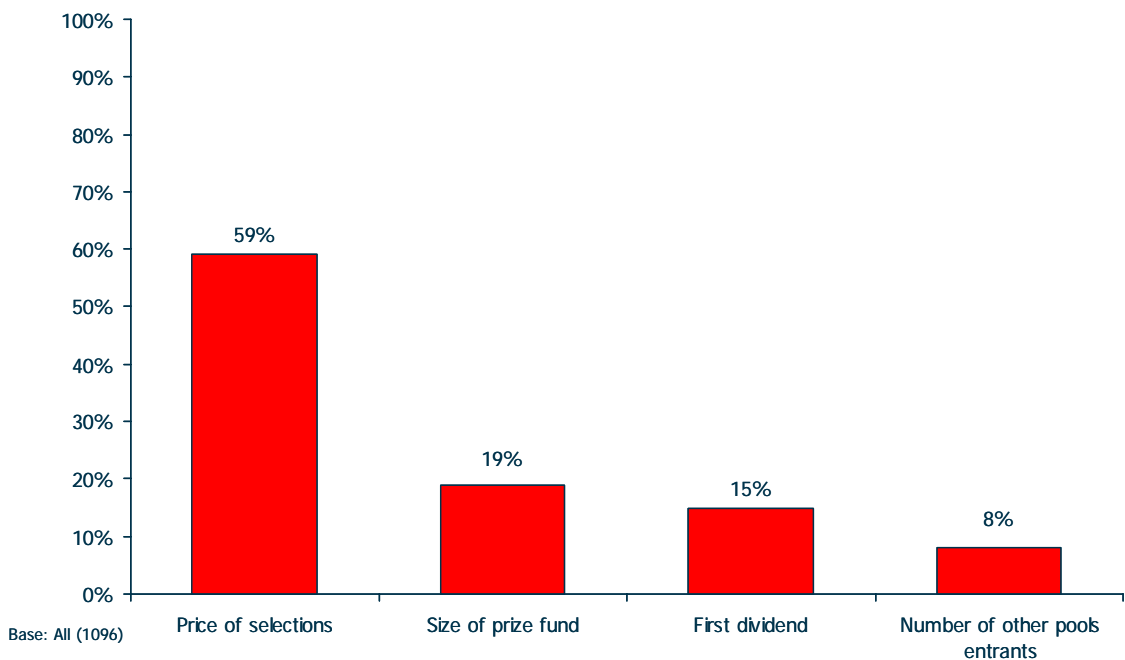
Responses to these questions were analysed using the choice-based conjoint statistical analysis technique to calculate the importance to customers of each factor along with the customer 'utility' i.e. value of each level within each factor.



## 10.2 Importance of factors in product choice

The price of selections was the most important factor to customers, well ahead of the other factors considered. The number of other pools entrants was the least important (8%) whilst there was little difference between the importance of the size of prize fund and first dividend (19% and 15% respectively).

**Chart 23: Importance of factors**



There was little variation between customers of the different brands with (the small number of) Littlewoods internet customers the only group to show any marked variation - putting less importance on the price of selections and more on the size of the prize fund.

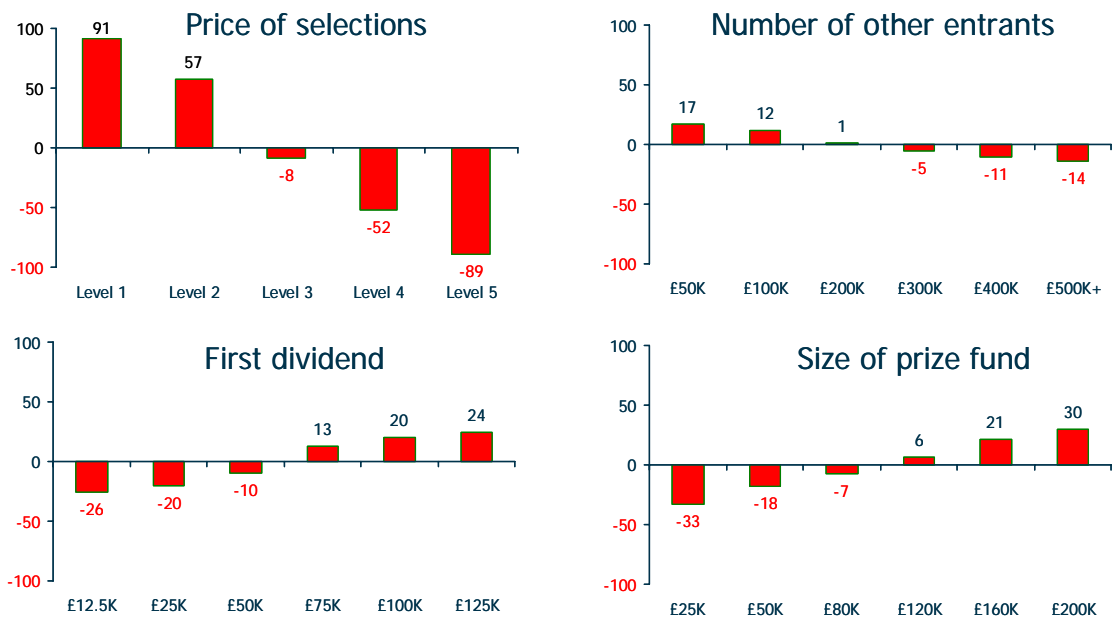


### 10.3 Utility Scores

There are significant differences in the value of each “price of selections” level. The cheapest level (level 1) offers much more value to the customer than the next cheapest level (level 2) and so on. The other factors considered by players show less difference in utilities between levels. The greater the difference in utilities between the different levels, the more important is the factor in driving consumer choice. This explains why the “price of selections” was the most important factor in product choice (see section 10.2).

There is very little difference in the utilities for the players of the different pools operators, suggesting all players make similar trade-offs.

Chart 24: Utility (value) of levels



Base: All (1096)



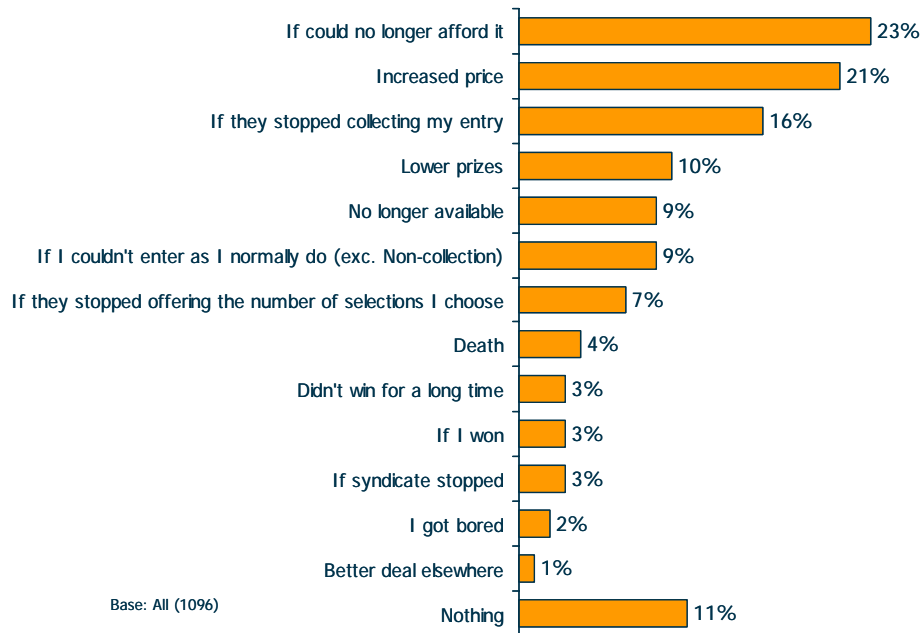
### 10.4 Factors that would stop players participating

Players were asked what would cause them to stop playing the pools, with responses being captured spontaneously.

Cost was the most important factor that would stop pools playing - no longer being able to afford to play was cited as the reason that would stop playing by 23%, followed by mentions of increased entry price (21%). This supports the finding from the conjoint analysis that the cost of selections is the most important aspect of the product offering from the customer's perspective.

It was also notable that a significant proportion of players would not stop unless they had to (nothing - 11%).

Chart 25: Factors that would stop players participating



There were a number of differences in response according to the main operator used. Zettlers customers were the most likely to say they would stop if the price rises (32%) whilst Littlewoods customers were least likely to stop because they could no longer afford it (32% compared to 32% for Vernons and 32% Zettlers). Additionally, 32% of Littlewoods collected customers said they would stop playing if their entry was no longer collected.



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## **Appendix - Questionnaire**



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**Competition Commission Football Pools Inquiry Questionnaire v10 Final**  
MAIN INTERVIEW QUESTIONNAIRE

Hello my name is \_\_\_\_\_ from GfK NOP, an independent market research agency. You recently agreed to take part in some research regarding football pools.

Would you be able to spare 15-20 minutes to answer some questions now?

S1. Firstly, can I just check you have received an information pack from us about this?

Yes >> Ask respondent to get pack then go to Q1

No >> Arrange callback

Q1. How regularly do you play the football pools, that is have an entry in a week's pool?

More than once a week (ie midweek and Saturday games)

Weekly

Fortnightly

Monthly

Once every two to three months

Less often

Never >> CLOSE IF 'NEVER'

Q2. Do you play the football pools as part of a syndicate, on your own, or both? SINGLE CODE

PROBE SYNDICATE PLAYERS: Do you manage the syndicate?

Part of a syndicate only – member of syndicate

Part of a syndicate only – manager of syndicate

On my own only

Part of a syndicate and on my own – member of syndicate

Part of a syndicate and on my own – manager of syndicate

IF Q2 CODED 4 OR CODED 5

Please answer the remainder of the questionnaire in terms of your playing on your own behalf.



**GfK NOP**

Q3. Do you bet on...?

READ OUT

IF YES: HOW FREQUENTLY

National Lottery  
Horse racing  
Greyhound/dog racing  
Bingo  
Football  
Other sports events  
Other forms of gambling (specify)

More than once a week  
Weekly  
Fortnightly  
Monthly  
Once every two to three months  
Less often  
No/Never  
Not anymore

ASK IF NATIONAL LOTTERY CODED MORE FREQUENTLY THAN 'MONTHLY' AT Q3

Q4. When playing the National Lottery, which games do you buy regularly, that is, twice a month or more?

Lotto  
Thunderball  
Hotpicks  
Dream Number  
Euromillions  
Daily Play  
Scratchcards  
Online Instant Wins  
None of these

ASK ALL

Q5. Now thinking about playing the football pools.

For how long have you been playing the football pools?

ENTER NUMBER OF YEARS. ROUND UP TO NEAREST YEAR



**GfK NOP**

Q6. Which football pools operators are you aware of?

PROMPT: Which others?

- Littlewoods
- Vernons
- Zetters
- Brittans
- Other (specify)
- None

Q7. Which football pools operators do you currently play with? MC

PROMPT: Which others?

- Littlewoods
- Vernons
- Zetters
- Brittans
- Other (specify)
- Don't know

IF Q7 IS MULTICODED

Q8. With which of these football pools operators do you spend the most money?

- Littlewoods
- Vernons
- Zetters
- Brittans
- Other (specify)
- Don't know

ASK IF Q7 IS MULTICODED

Q9a How regularly do you play the football pools with [INSERT RESPONSE FROM Q8] ?

- More than once a week
- Weekly
- Fortnightly
- Monthly
- Once every two to three months
- Less often

IF Q7 IS MULTICODED

Q9b. How regularly do you play the football pools with [INSERT OTHER OPERATOR USED AT Q7]?

- More than once a week
- Weekly
- Fortnightly
- Monthly
- Once every two to three months
- Less often



**GfK NOP**

ASK ALL

Q10. Do you play anything other than the football pools with [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8]?

- Yes – Spot the ball
- Yes – Other (specify)
- No

IF Q7 SINGLE CODED:

Q11a. Why do you play the football pools with [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7] rather than other operators?

IF Q7 MULTI CODED:

Q11b. You say that you play the football pools with [INSERT FIRST POOLS OPERATOR USED AT Q7] and [INSERT SECOND POOLS OPERATOR USED AT Q7] rather than other operators.

i) Why do you play the football pools with [INSERT NAME OF POOLS OPERATOR SPEND MOST WITH Q8] rather than other operators?

PROMPT: Why else?

ii) Why do you play the football pools with [INSERT SECOND POOLS OPERATOR USED AT Q7] rather than other operators?

PROMPT: Why else?

**RECORD FIRST REASON, THEN OTHER REASONS**

- Lower minimum entry price
- Cheaper price per line
- Cheaper price for an 8 from 10, 8 from 11, 8 from 12 etc.
- Cheaper price – other.
- Higher number of prizes to be won
- Larger jackpot/first prize
- Higher other prizes
- Always use this Operator/ One always used
- Fewer players
- Better chance of winning
- They collect my entry from my house
- Part of a syndicate
- My friends play with them
- Better service
- No real reason
- Other (specify)
- Don't know

IF Q7 IS MULTICODED

Q12. Are there any other reasons why you play the football pools with more than one operator?

ENTER RESPONSE OR

None – No other reason



ASK ALL

Q13. Have you stopped using any pools operator in the last five years?

- Yes – Littlewoods
- Yes – Vernons
- Yes – Zetters
- Yes – Brittans
- Yes – Other (NAME)
- No

ASK IF Q13 IS 'YES'

Q14a. When did you stop playing the pools with [INSERT NAME OF OPERATOR NO LONGER USED]?

- Less than three months ago
- Three months – less than six months ago
- 6 months – less than a year ago
- 1 year to less than 3 years ago
- 3 to 5 years ago
- Don't know/can't remember

ASK IF Q13 IS 'YES'

Q14b. Why do you no longer play the football pools with [INSERT NAME OF OPERATOR NO LONGER USED]?

- Better chance of winning with other pools operators
- Better chance of winning with other forms of betting/gambling
- Cheaper to play with other pools operators
- Cheaper to play with other forms of betting/gambling
- They stopped collecting my coupon
- Better prizes with other pools operators
- Better prizes with other forms of betting/gambling
- No real reason
- Wasn't my decision
- Wanted to save money
- Prize money wasn't as 'special' anymore
- Can't remember
- Other
- Don't know

IF Q1/Q9A IS 'WEEKLY' OR 'MORE THAN WEEKLY'

Q15. You mentioned earlier that you enter the football pools with [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] [WEEKLY / MORE THAN WEEKLY]. Do you pay each week or do you pay for a number of weeks in advance, or some combination of both?

- Pay each week
- Pay in advance
- Both



**GfK NOP**

IF Q15 'PAY IN ADVANCE'/'BOTH'

Q16. How many weeks do you normally pay for in advance?

WRITE IN

Depends/Varies

Renew without thinking about it

Don't know

ASK ALL

Q17. How do you usually pay for your football pools entry?

Cash

Cheque

Credit card

Debit card

Direct debit

Postal order

Standing order

Other

ASK ALL

Q18. How do you CURRENTLY submit your entry?

READ OUT. MULTICODE ALLOWED

PROMPT: Which other ways?

A collector comes to my home - paper coupon

A collector comes to my home - electronic device/swipecard

By phone

By post

At a bookmaker's office/Tote

Local shop – using paper coupon

Local shop – using electronic device/swipecard

Over the internet

Someone else does it for me

DELETED I never change my numbers



**GfK NOP**

ASK IF Q18 MULTICODED

- Q19. Which method do you use most regularly? SC
- A collector comes to my home - paper coupon
  - A collector comes to my home - electronic device/swipecard
  - By phone
  - By post
  - At a bookmaker's office/Tote
  - Local shop – using paper coupon
  - Local shop – using electronic device/swipecard
  - Over the internet
  - Someone else does it for me

ASK ALL

- Q20. Have you changed the way you submit your entry in the last 5 years?
- Yes
  - No

ASK IF Q20 IS 'YES'

- Q21. Why did you change the way you submit your entry?
- Old method was no longer offered
  - New method more convenient
  - New method easier to play
  - Easier to pick same numbers
  - Now have internet access
  - Someone else recommended this way
  - Safer
  - More reliable
  - Other (Specify)
  - Don't know/can't remember

ASK ALL

- Q22. How do you usually choose which numbers to pick when playing the football pools?
- PROBE TO PRECODES
- Always have the same numbers
  - Pick numbers at random
  - Use a lucky dip function
  - Try to predict the football results
  - A syndicate chooses them
  - I have a system of selections and numbers
  - Other (specify)



GfK NOP

ASK ALL

Q23. How many numbers per line do you usually pick when you play the football pools?  
RESP MAY DESCRIBE THIS AS EIGHT FROM....

- 10
- 11
- 12
- 13
- 14
- 15
- 16
- Other (specify)
- No usual number

ASK ALL

Q24. How much do you spend on the football pools in an average week when you play?  
IF ADVANCE BUYER/BOTH AT Q15 ADD: By that we mean how much you spend on each week's pools entry.

RECORD AMOUNT IN POUNDS AND PENCE

ASK ALL

Q25. Do you spend the same amount on the football pools each time you enter?

- Yes
- No

ASK IF Q25 IS NO

Q26. How do you decide how much to spend on the football pools each time you enter?

ASK ALL

Q27. Do you change the amount you spend with each football pools operator when you play with them?

- Yes
- No

ASK IF Q27 IS YES

Q28. How do you decide how much to spend with each pools operator?

ASK ALL

Q29. Do you check to see if you've won on the football pools? Do you...

- READ OUT
- Always check
- Usually check
- Sometimes check
- Never check



**GfK NOP**

IF Q29 NOT 'NEVER'

Q30. How do you check?

- Watch/Listen to the football results on TV/Radio
- Check in the Newspaper
- Check on teletext
- Check on the internet
- Check – Other (specify)
- Carer/family member / friend etc checks for me

ASK ALL

Q31. Thinking about the money you spend on the football pools, why do you choose to spend this money on the football pools rather than on other forms of betting or gambling?

- There's skill involved in the football pools
- Better chance of winning
- Better prizes
- Its more fun
- Tradition/Always have done
- I'm part of a syndicate
- Its more convenient
- No real reason
- Other (specify)

ASK ALL

Q32. Does playing the football pools... READ OUT

- Make you enjoy football more
- Make no difference to your enjoyment of football
- Make you enjoy football less

ASK IF NATIONAL LOTTERY CODED MORE FREQUENTLY THAN 'NO/NEVER/NOT ANYMORE'  
AT Q3

Q33. When there is a large National Lottery jackpot, such as a rollover or superdraw, does this affect your playing of the National Lottery or does it make no difference?

IF AFFECTS PLAYING, PROMPT: How does it affect it?

- It doesn't make a difference
- I only play when there is a large jackpot
- I spend more/buy more tickets
- I don't play if there's a large jackpot
- Other effect (Specify)

ASK ALL

Q34. When there is a large National Lottery jackpot, such as a rollover or superdraw, does this affect how much you spend on the football pools or does it make no difference?

- It doesn't make a difference
- I spend less on the football pools
- I spend more on the football pools



ASK ALL

Q35. Supposing [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPENT MOST Q8] no longer offered the football pools at all, what do you think you would do?

Would you....

READ OUT

Spend the money with another pools operator

Not spend the money on the pools

Don't know DO NOT READ OUT

IF Q35 IS CODE 1

Q36. Which other pools operator would you spend your money with?

Littlewoods

Vernons

Zetters

Brittans

Other (specify)

Don't know

IF Q36 IS [Vernons] & Q18/19 IS COLLECTED (CODE 1 OR 2)

Q37. Do you know that Vernons doesn't offer a from home collection service from your home for entering the football pools?

Yes

No

IF Q37 IS NO

Q38. Now that you know this, if [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] no longer offered the football pools at all, what do you think you would do?

Would you...

READ OUT

Play the pools with another pools operator

Stop playing the pools

Don't know DO NOT READ OUT

IF Q35 IS CODE 2 OR [Not spend the money on the pools] OR Q38 IS CODE 2

Q39. In that case, what would you do with the money you currently spend with [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/ SPEND MOST WITH Q8]?

PROBE TO PRECODES

Spend it on...

Horse racing

Greyhound/dog racing

Bingo

Other football betting

Other sports betting

Non-sport betting

The National Lottery

Would spend it on something else (non-gambling)

Nothing/would save the money

Don't know



**GfK NOP**

IF Q35 IS CODE 1 [Spend the money with another pools operator] OR IF Q38 IS CODE 1 Q40. Suppose the football pools were no longer available from any operator, what would you do with the money you currently spend on the football pools?

PROBE TO PRECODES

Spend it on...

- Horse racing
- Greyhound/dog racing
- Bingo
- Other football betting
- Other sports betting
- Non-sport betting
- The National Lottery

- Would spend it on something else (non-gambling)
- Nothing/would save the money
- Don't know

ASK ALL

Q41. Do you know what percentage of the total entry money [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] pay out in prizes in a typical week?

CODE DON'T KNOW AS NO

- Yes
- No

IF Q41 IS YES

Q42. What percentage is this?

TYPE IN PERCENTAGE

ASK ALL

Q43. Do you think [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] pays more, the same amount, or less of the entry money as prizes compared with other pools operators?

IF MORE/LESS, PROBE: Is that much or a few percent more/less?

- Much more
- A few percent more
- Same
- A few percent less
- Much less
- Don't know



GfK NOP

Q44. Do you think [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] pays more, the same amount, or less of the entry money as prizes compared with the National Lottery?

IF MORE/LESS, PROBE: Is that much or a few percent more/less?

- Much more
- A few percent more
- Same
- A few percent less
- Much less
- Don't know

ASK ALL

Q48. Do you know what percentage of the total entry money [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] uses to cover its expenses and commission in a typical week?

CODE DON'T KNOW AS NO

- Yes
- No

IF Q48 IS YES

Q49. What percentage is this?

TYPE IN PERCENTAGE

Q45. In a week when the dividend forecast is good, roughly how much do you think [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8] pays as a top prize?

CODE TO RANGE OR DON'T KNOW

- 0-£25,000
- £25,001-£50,000
- £50,001-£75,000
- £75,001-£100,000
- £100,001-£150,000
- £150,001-£200,000
- £200,001-£250,000
- £250,001-£500,000
- £500,001-£750,000
- £750,001-£1m
- £1,000,001- £1,500,000
- £1,500,001-£2m
- More than £2m
- Don't know



GfK NOP

Q46A. CONJOINT

We would now like your views about a number of football pool options that could be offered. Please look at Showcard Set C that we sent you through the post. IF LITTLEWOODS COLLECTED CUSTOMER, ADD: When you look at these, please note that only Littlewoods offers a collection from home service.

INT: THESE WILL SAY SHOWCARD SET C IN THE TOP LEFT CORNER

i) Looking at the front page, the one called showcard **TH**, please choose the option from this showcard you would prefer to play. If you would not play either, please say so.

Option 1/Left option /Littlewoods  
Option 2/Right option/Vernons  
Would not choose either

IF CODES 1 OR 2

ii) Which of the selection options from (NAME OF OPERATOR CHOSEN AT Q46i) would you choose?

10 selections  
11 selections  
12 selections  
13 selections

iii) And how many columns would you buy?  
WRITE IN NUMBER

iv) That means you would spend (CATI SCRIPT TO CALCULATE AMOUNT) in total with this option. Can I just check, is that how much you would spend?

Yes  
No

ASK Q46A(v) IF NO AT Q46A(iv).

v) Would you change the mix of selections to spend about the same amount as you currently spend on the pools?

Yes – change mix to spend same amount as currently  
No

IF NO: Could I check again what selections you would choose, and how many columns you would buy with this option

REPEAT Q46A(ii –iv) IF NO AT Q46A(v)

REPEAT QUESTIONS i) & ii) FOR FOLLOWING SHOWCARDS. RANDOMISE ORDER

When repeating, i) should read:



GfK NOP

Now looking at showcard **[INSERT REF]** please assume that you are playing the football pools as you normally do. Please choose the option from this showcard you would prefer to play. If you would not play either, please say so.

AS  
JY  
TC  
MA  
AJ  
DF

Q46B. CONJOINT

Next we'd like you to consider different options that could be offered by [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST WITH Q8]. Please look at Showcard Set M that we sent you through the post.

i) Please could you give me the reference number in the top right hand corner of set of Showcard Set M. This should begin with the letters JB.

ENTER REFERENCE NUMBER

ii) Now looking at [showcard 1] please choose which of the three options you would prefer to play. If you would not play any of these options, please say so.

Option A/Left  
Option B/Middle Left  
Option C/Middle Right  
Would not choose any of these

REPEAT ii FOR showcards 2-12

Q47. And finally, what would cause you to stop playing the football pools with [INSERT NAME OF POOLS OPERATOR USED CURRENTLY Q7/SPEND MOST Q9]?

DO NOT READ OUT

If they increased the price of selections  
If my syndicate stopped playing  
If I could no longer afford it  
If they stopped offering the number of selections I choose e.g. 11 selections  
If they stopped collecting my entry  
If I couldn't enter the football pools as I currently do (NOT STOPPED COLLECTION)  
If the prizes were lower  
If more people were in the pool  
Other (specify)

THANK AND CLOSE. RESPONDENTS CAN DISPOSE OF SHOWCARDS IF THEY WISH