

APPENDIX 4.3

(referred to in paragraphs 2.38, 2.103, 2.193, 4.49 to 4.57, 4.59, 4.60, 4.63, 4.119, 4.170, 4.175 and 4.176)

Betting: customer profiles and patterns of behaviour

Introduction

1. At the beginning of this inquiry we asked Ladbroke to provide us with, among other things, a copy of all market research or similar studies which it had carried out, commissioned or obtained from third parties in the previous five years concerning the markets in which Ladbroke Racing operated. Given the considerable volume of such information it held, and after discussing this with us, Ladbroke provided us with a list of some 158 such studies. Ladbroke subsequently sent us copies of seven of these studies which, it said, represented a range of different types of research from general usage and attitude studies, through site surveys and third party reports. These seven studies, we were told, provided a useful insight into the behaviour and views of Ladbroke's customers. We also received from William Hill copies of a number of the market research studies it had found useful in its own planning and marketing activities.

2. In the remainder of this appendix we summarize what appeared to us to be the findings relevant to this inquiry from 12 market research reports, namely:

- (a) Gamblertrack omnibus surveys, 1996 and 1997: syndicated surveys carried out by the Gordon Simmons Research Group;
- (b) MORI omnibus survey in January/February 1998: commissioned by BOLA;
- (c) RSGB omnibus survey in March 1998: commissioned by 49's Limited;
- (d) RSL omnibus surveys in January and July 1997: commissioned by Ladbroke;
- (e) *Icon 1996*: a Betting Usage and Attitude Study (dated June 1996) carried out by Icon for Ladbroke. Interviews with 847 punters, 453 regular and 394 irregular, were carried out in their homes between 13 May and 2 June. The sample was structured to reflect users of all LBOs throughout Great Britain. The criterion was those who placed bets at least once a year;
- (f) *Icon 1998*: waves 1 to 9 of a tracking study of the Ladbroke brand conducted monthly over the period April 1997 to January 1998 (excluding December) by Icon. Over the period 2,443 interviews (with 790 regular punters, 863 irregular and 790 non-punters) were carried out with consumers in 63 different shopping centre locations;
- (g) *Marketing Sciences 1994*: a research project, dated January 1994, conducted for William Hill by Marketing Sciences Ltd. Interviews with 2,328 punters were carried out as they left William Hill's LBOs across England and Scotland;
- (h) *Mintel 1997*: market research report entitled *Betting Shops* and dated December 1997, published by Mintel International Group Limited;
- (i) *Quaestor (1) 1997*: a customer profiling research project, dated August 1997, conducted for William Hill by Quaestor. The research was based largely on 1,530 interviews carried out as punters left an LBO (1,059 were of punters leaving William Hill's LBOs and 471 were of punters leaving Ladbroke's LBOs) across England and Scotland;
- (j) *Quaestor (2) 1997*: an LBO attitude and usage research project, dated November 1997, conducted for William Hill by Quaestor. The research was based on 1,123 interviews with punters who visited LBOs at least once a week and was carried out as punters left an LBO (656 were of punters leaving William Hill's LBOs and 467 were of punters leaving Ladbroke's LBOs) across England and Scotland. It appears that not all the questions were asked of all those interviewed;

- (k) *RSL 1994*: a research project (dated January 1994) undertaken by Research Services Ltd (RSL) for Ladbroke. The research was based on 2,000 omnibus interviews followed by more detailed interviews with 500 regular and 500 irregular customers of LBOs in their homes; and
 - (l) *RSL 1997*: a research project (dated June 1997) undertaken by RSL for the Levy Board. Interviews with 904 punters took place after they had left an LBO. The sample was structured to reflect users of LBOs of the Big 3 as well as independents throughout England. Only those who placed horse-racing bets at least once a week were interviewed.
3. The following points should be borne in mind when considering these findings:
- (a) the answers to any particular question may vary depending on the precise way in which that question is put and on the preceding questions;
 - (b) results are affected by the make-up of the sample (in particular, the representation of those placing the biggest bets or who bet most frequently);
 - (c) survey respondents may not always recall or report accurately their behaviour in LBOs (for example, regarding the amount spent); and
 - (d) care is needed in comparing results from different studies that distinguish between the features and conduct of 'regular' and 'irregular' punters, because in some cases regular punters are classed as punters who place a bet at least once a week and in others they are punters who place bets at least once a month (this may, for example, explain some of the differences in the results as between the different surveys).

One consequence of these factors is that the results from the different surveys may not necessarily be directly comparable. In addition, it is worth noting that, as the research was aimed largely at providing marketing information to operators of LBOs, many of the questions were not worded to provide information for the purposes of an analysis of competition.

Betting office customers

4. Ladbroke told us that consumer research showed that about 17 per cent of the UK population had placed a bet in an LBO during the previous 12 months.¹ 6 per cent of the population were regular customers, ie placed a bet at least once a month (80 per cent of these placed a bet at least once a week), and 11 per cent were irregular customers, placing bets less frequently than once a month but at least once a year.¹ About 35 per cent of LBO customers were regular users of LBOs; they accounted for about 97.5 per cent of LBO turnover. The non-betting category, 83 per cent of the population, included the 4 per cent who bet less often than once a year.

5. These findings are consistent with other information available to us. An NOP/Mintel survey of 1,330 adults in August 1997 showed that 4 per cent visited an LBO at least once a week, 2 per cent did so at least once a month, 4 per cent did so every six months and 7 per cent did so once a year; 5 per cent said that they visited one less often than once a year, 13 per cent said that they never had but might do, and 63 per cent said that they never had and intended never to.²

6. A profile of regular and irregular LBO customers is shown in Table 1. The great majority (81 per cent) of regular customers are male. Compared with the population as a whole, regular customers tend to be younger: 39 per cent are aged between 18 and 34 (compared with about 32 per cent for the population as a whole).³ In socio-economic terms, 62 per cent of regular customers are in the C2DE groups (compared with about 51 per cent for the population as a whole). In terms of employment status, the regular customers' profile generally matches that of the population as a whole.

¹Based on the findings of the RSL omnibus surveys in January and July 1997, the MORI omnibus survey in January/February 1998 and the RSGB omnibus survey in March 1998.

²See Mintel 1997, page 29.

³This finding is not, however, supported by the Quaestor (1) survey for William Hill: see Table 2.

TABLE 1 Betting office customer profile

	<i>per cent</i>		
	<i>Regular customers*</i>	<i>Irregular customers†</i>	<i>UK adult population</i>
Male	81	60	48
Female	19	40	52
18–34	39	42	32
35–54	32	36	35
55+	29	22	34
AB	14	21	22
C1	24	31	27
C2	24	24	22
DE	38	24	29
Working	55	65	55
Not working‡	45	35	45

Source: Ladbroke, based on omnibus survey data from RSL, MORI and RSGB.

*Those who place a bet in an LBO at least once a month.

†Those who place a bet in an LBO at least once a year but not as frequently as once a month.

‡Retired and unemployed people.

Note: Percentages may not add up exactly because of rounding.

7. Irregular customers, which account for only about 2.5 per cent of LBO betting turnover, include a greater proportion of females than the regular customer category (but the proportion remains substantially less than for the population as a whole). Irregular customers tend to be even younger than the regular ones. In socio-economic terms, the profile of irregular customers shows a smaller proportion in the DE groups and larger proportion in the ABC1 groups compared with regular customers, and a larger proportion of people who are working.

8. A comparison of the profiles of Ladbroke's and William Hill's LBO customers is shown in Table 2. The Quaestor (1) survey found that users of Ladbroke's LBOs were more likely to be aged 55 and over, while William Hill's were more likely to be aged 35 to 54. Also, while there was little difference between the proportions of William Hill's and Ladbroke's customers in the ABC socio-economic groups, Ladbroke's other customers were more likely to be in group E than William Hill's who were more likely to be in group D. William Hill's LBO users were more likely to be working than were Ladbroke's.

TABLE 2 LBO customer profiles: Ladbroke compared with William Hill, 1997

	<i>per cent</i>		
	<i>Ladbroke's customers*</i>	<i>William Hill's customers</i>	<i>UK adult population</i>
Male	90	91	48
Female	10	9	52
18–24	6	8	11
25–34	19	18	21
35–44	18	21	18
45–54	15*	19	17
55–64	20*	16	13
65+	21*	17	21
Not specified	1	1	-
AB	5	6	22
C1	19	20	27
C2	27	26	22
D	18*	23	17
E	28*	23	22
Refused	3	2	-
Working	49*	55	54
Unemployed	26	22	22
Retired	26	22	24

Source: William Hill, based on the Quaestor (1) survey.

*Significant difference between the brands at minimum 90 per cent confidence level.

Note: Percentages may not add up exactly because of rounding.

9. Quaestor (1) found that more than 50 per cent of punters considered betting on horse and greyhound racing to be examples of 'serious gambling', while only 16 to 19 per cent saw numbers betting as 'serious gambling'. More than 50 per cent agreed that numbers betting constituted 'fun betting'.

10. Icon 1996 found that the majority of betting customers said they took at home the decision about the last bet they placed. The RSL 1994 and 1997 surveys and Quaestor (1) give information about where punters sought their information. They appear most likely to look to national newspapers (particularly *The Sun*, *The Mirror*, *News of the World* and, in Scotland, the *Daily Record*); these newspapers, with the exception of *News of the World*, were judged to be important sources of betting information. In addition, some 9 per cent of punters were found to purchase either the *Racing Post* or *The Sporting Life*, while a higher proportion (in excess of 20 per cent, and markedly higher than this in the case of regular betters) read them, particularly in an LBO. The two RSL surveys seem to suggest that the two racing newspapers are used particularly as form guides and as sources of racecard information, and much less for 'Pricewise' and advertised price information. Other important sources of information for punters are reported to be television commentary, teletext services and SIS betting information.

Types of betting by regular and irregular customers

11. Several of the research studies sought to identify the key betting products. All agreed that betting on horse racing is the main activity, applying to 80 per cent and more of all those sampled (see, for example, Table 3). About 95 per cent of those who bet on greyhound races and 86 per cent of those betting on football matches also bet on horse races. Some 43 per cent of regulars betting on greyhound races also bet on football matches, ie a regular customer betting on greyhound races is more likely to bet also on horse races and football matches than on any of the other betting opportunities in the LBO.

TABLE 3 Betting by regular customers in the previous month

	<i>per cent</i>							
Base:	<i>All regulars (790)</i>	<i>Horse races (675)</i>	<i>Greyhound races (230)</i>	<i>Football (238)</i>	<i>Other sports (79)</i>	<i>Lucky Choice (198)</i>	<i>49's (160)</i>	<i>AWP machines (71)</i>
<i>Percentage who bet on</i>								
Horse races	85	100	95	86	94	70	84	93
Greyhound races	29	32	100	41	56	34	47	63
Football	30	30	43	100	72	38	43	62
Other sports	10	11	19	24	100	17	18	25
Lucky Choice	25	20	30	32	43	100	54	42
49's	20	20	33	29	37	43	100	49
AWP machines	9	10	20	18	23	15	22	100

Source: Ladbroke, based on Icon 1998.

Note: The data should be read from top to bottom in columns.

12. In contrast with regular customers, irregular customers tend to bet only on horse races (see Table 4). Football is the second most used product, although only by around one in ten irregulars. As with regular customers, those betting on other products also tend to place a bet on horse racing, although this is less pronounced than among regular customers.

TABLE 4 Betting by irregular customers in the previous 12 months

	<i>per cent</i>							
<i>Base:</i>	<i>All irregulars (863)</i>	<i>Horse races (704)</i>	<i>Greyhound races (76)</i>	<i>Football (116)</i>	<i>Other sports (43)</i>	<i>Lucky Choice (65)</i>	<i>49's (47)</i>	<i>AWP machines (71)</i>
<i>Percentage who bet on</i>								
Horse races	82	100	86	74	70	65	77	71
Greyhound races	9	9	100	16	19	12	21	34
Football	13	12	24	100	49	22	26	43
Other sports	5	4	11	18	100	12	15	20
Lucky Choice	8	6	11	12	19	100	30	26
49's	5	5	13	10	16	22	100	26
AWP machines	4	4	16	13	16	14	19	100

Source: Ladbroke, based on Icon 1998.

Note: The data should be read from top to bottom in columns.

13. Some similarities can be drawn in patterns of product mix between regulars and irregulars, although for irregulars patterns are less pronounced. Whilst 49 per cent of those who bet on sports other than football also bet on football matches, the sample size is small; the link does not appear in reverse. The products bet on are broadly similar in both Ladbroke and Coral LBOs (see Table 5). Three of the research studies addressed the question of the types of bet placed; the general impression (especially from Icon 1996) is that regular punters are more likely to place win bets and more sophisticated types of bet, while irregular punters tend to rely upon singles and each way bets.

TABLE 5 Betting by regular customers on their last visit to a Ladbroke or Coral LBO

	<i>per cent</i>	
<i>Base:</i>	<i>Ladbroke's customers (383)</i>	<i>Coral's customers (117)</i>
Horse races	86	90
Greyhound races	29	36
Football	30	30
Other sports	10	11
Lucky Choice	23	22
49's	20	24
AWP machines	9	9

Source: Ladbroke, based on Icon 1998.

Means of transport

14. The RSL 1994 study found that most punters (70 per cent) started their journey to the LBO from home. Some 60 per cent of them made the journey on foot. The average journey time was 15 minutes for all LBOs, but for regular punters and for punters visiting the Big 3's LBOs the average journey time tends to be 9 to 10 minutes. An average journey time of even 10 minutes suggests that the typical punter walks more than 400 metres to the relevant LBO.

15. Two recent customer surveys (an Icon site analysis study in May/June 1997 and a MORI AWP survey in February 1998), carried out at Ladbroke's LBOs, collected information about the mode of transport used by customers to get to the LBO. These surveys found that 54 per cent of customers travelled to the LBO on foot (see Table 6). Those who travelled on foot tended to be daily visitors and to live locally. Those most likely to walk to the betting office were women, those in socio-economic group DE and those not working.

TABLE 6 **Mode of transport used to travel to Ladbroke's LBOs**

Base: all customers surveyed (2,141)

<i>Mode of transport used</i>	<i>%</i>
On foot	54
Car	28
Bus	14
Train/tube	2
Other	3
<i>Percentage who travel on foot to the LBO</i>	
<i>Type of customer</i>	
<i>Number of visits:</i>	
4 or more a week	61
1 to 3 a week	52
1 a month or fewer	43
Male	53
Female	60
AB	41
C1	52
C2	49
DE	58
Working	51
Not working*	65

Source: Ladbroke, based on the findings of Icon and MORI customer surveys it commissioned.

*Retired and unemployed people.

16. About 28 per cent of customers were found to travel to LBOs by car. These were more likely to live further away from the betting office, tended to visit LBOs less frequently (with a concentration in the 'once a month' category), and tended to be working, married or cohabiting and to have children. The other main form of transport used to get to the LBO was the bus, with about 14 per cent using that form of transport. Again, these customers tended to live further away. They tended to be older, in the C2DE groups and not working. They varied in terms of the frequency of visits. Ladbroke told us that the evidence suggested that few LBO customers set off in their car or caught a bus for the sole purpose of visiting an LBO, that is the LBO was not the main destination of the trip.

Reasons for visiting a particular LBO

17. We found that the research findings about why customers visit LBOs gave a varied picture depending who was asked what question and where. The RSL survey for Levy Board found that if the question is put generally, ie why did they visit an LBO on that day, to serious punters (ie those who bet on horse races at least once a week) then convenience is by far the most important factor (see Table 7). It should be noted, however, that the concept of convenience has several interpretations. For example, the RSL 1997 survey identifies routine, proximity to place of residence, proximity to a public house and proximity to work as being elements bound up in the concept of convenience. Thus, while the RSL 1997 classified more than 50 per cent of responses as being 'convenience' factors, many of these might be classified by others as matters of routine rather than convenience.

18. The RSL 1997 survey found that other relevant factors include the quality of racing available on the day, habit and seeking betting information on form and changing odds. To the serious punters interviewed in this survey, factors such as prices/odds offered, quality of staff and meeting people appeared to be quite unimportant in their decisions about whether to visit an LBO on a given day.

TABLE 7 Reasons for choosing to visit an LBO on a given day for betting on horse races*

	<i>per cent</i>			
<i>Base:</i>	<i>Weekdays (802)</i>	<i>Saturday (751)</i>	<i>Sunday (251)</i>	<i>All customers (904)</i>
Conveniently fits into routine	45	38	42	50
Is the only day I am in the area	2	2	1	3
Convenient to work	12	5	2	13
Convenient to home	22	17	17	24
Fits in with visits to nearby pub	14	13	12	17
Have most time to spend in LBO this day	5	7	4	10
Fits in with family commitments	3	4	3	5
Convenience factors	78	67	69	82
Best races are on this day	6	21	4	21
To monitor races	4	3	2	6
Racing factors	10	24	8	24
To read up on form	6	6	6	8
To monitor changing odds	4	3	2	5
For betting information	7	4	5	8
Information factors	13	11	9	15
The LBO is less crowded on this day	4	...	2	2
Meet people in the LBO on this day	7	5	2	8
LBO environment	10	6	4	11
Habit	14	13	13	17
Visit early to pick up multiples	1	1	...	2
To place other types of bet	3	3	2	4
Enjoy betting	1	1	1	1
Other factors	17	19	16	24
Don't know	2	1	2	2

Source: MMC, based on the findings in RSL 1997.

*The question asked was 'What were the reasons for choosing to visit the betting shop on the given day for betting on horses?'

19. Further evidence on reasons for choosing to visit a particular LBO, taken from a survey undertaken for Ladbroke, is in Table 8. Unprompted responses to a question about why punters visited a particular bookmaker's LBO most nowadays again showed that convenience factors were the most important, being cited by about 71 per cent of respondents. Factors such as habit, prices and staff service were much less important even for regular customers.

TABLE 8 Customers' reasons for choosing to visit a particular bookmaker's LBO most*

	<i>per cent</i>		
<i>Base:</i>	<i>Regular customers (453)</i>	<i>Irregular customers (394)</i>	<i>All customers (847)</i>
Near to home/closest to where I live	19	29	24
The nearest/nearby	20	21	21
Most convenient/handiest	17	14	15
Good location/in town	4	4	4
Near work	3	4	4
Easiest to get to	1	3	2
Nearest when shopping	1	2	1
Subtotal: convenience	<u>65</u>	<u>77</u>	<u>71</u>
Habit	2	3	2
Better odds/prices	3	1	2
Friendly, helpful, pleasant staff	3	1	2
Friends/family go there	2	2	2
Other	22	10	16
Not stated	3	6	5

Source: Ladbroke, based on the findings in Icon 1996.

*The question asked was: 'You said that you visit [X's LBO] the most nowadays. Please can you tell me why that is?' Responses were not prompted.

Note: Not all columns add up exactly because of rounding.

20. A somewhat different picture was provided by the responses to the Quaestor (1) survey carried out for William Hill. In this survey, respondents were asked to choose one out of five possible reasons for visiting a particular LBO. While convenient location was chosen as the most important reason (out of the five offered) by around half of customers at William Hill's and Ladbroke's LBOs (see Table 9), 20 per cent said that the prices offered/best odds was the most important reason. Staff service was found to be more important for older (65+), female and Sunday LBO users; information and prices were most important for men and for those placing a lot of bets each week and those with larger average bets. William Hill's customers were significantly more likely to mention good atmosphere/friends in the LBO, while Ladbroke's customers were more likely to mention location.

TABLE 9 Most important reason for visiting a particular LBO*

Base: all	per cent		
	All bettors (1,530)	William Hill (1,059)	Ladbroke (471)
Convenient location/nearest LBO	51	49	55
Prices offered/best odds	20	20	20
Staff service/attention	15	15	15
Good atmosphere/friends in shop	13	14	10
Amount/quality of information in shop	7	7	7
Other (to be written in)	?	?	?
Total	106	105	107

Source: William Hill, based on Quaestor 1997 (1).

*The question asked was 'Which of these five things, or any other, is the one most important to you in choosing a particular betting shop?'

Note: Columns sum to more than 100 as some respondents gave more than one answer despite the interviewers' instructions to insist on one response only.

21. In order to assess the relative importance of factors other than location, Quaestor (2) excluded location as a possible factor in the choice of LBOs in the second phase of its research for William Hill. The results are shown in Table 10. Once location was omitted, prices offered/competitive odds was the most important factor for 24 per cent of the sample; further, it was one of the top three factors, the others being information and staff service, for 46 per cent of the sample. The main differences between the William Hill and Ladbroke LBOs were that more of William Hill's customers thought staff service and company reputation were the most important factors determining choice of outlet, and more of Ladbroke's customers thought prices and the range/types of bet available the most important factors.

TABLE 10 Most important reason, excluding location, for visiting a particular LBO*

Base: all	per cent		
	All customers (575)	William Hill's customers (331)	Ladbroke's customers (244)
Prices offered/competitive odds	24	23	26
Range/quantity/speed/quality of information in shop	24	25	24
The staff service/attention	22	23	20
Appeal of the LBO facilities/services	10	10	9
Company reputation/integrity	6	8	4
Good atmosphere/friends in shop	5	5	4
Range/types of bet available	4	3	7
Promotional offers	3	3	3
Free competitions	1	1	...
Other (to be written in)	1	...	3
Total	100	101	100

Source: William Hill, based on Quaestor (2).

*The question asked was 'I should now like you to think about betting shops in general. On this card there are various statements; please read them all and tell me which of these, or any other, is most important to you in choosing a particular betting shop. Which is a) most important to you; b) second most important to you; c) third most important to you; d) and which others are important to you.'

22. The RSL 1994 survey reported that regular betters particularly wanted good early prices. The Icon research carried out for Ladbroke in 1996 asked LBO customers what was important to them when visiting an LBO generally (as opposed to the LBO of a particular bookmaker). Respondents reported that the most important things to them were that bets were paid out promptly and accurately, that the LBO had a convenient location and that its staff were speedy, friendly and knowledgeable (see Table 11). The Icon 1996 survey found that 82 per cent of regular and 70 per cent of irregular punters wanted the LBOs they patronized to offer better odds and 76 per cent of regulars and 59 per cent of irregulars wanted LBOs to offer a good range of early prices. Given that these two statements were chosen from a list of 50, they are relatively highly ranked (13th for better odds and 23rd for early prices). Respondents were also asked to score different bookmakers' LBOs on each of the 50 statements. The resulting range of scores between the different bookmakers was relatively narrow; the maximum range between bookmakers on any one statement was 0.9 (for the statement 'The shop is conveniently located'), and the average range was 0.3. The scores for all bookmakers and features mentioned were in the range 1.6 to -0.6. A survey for the Tote in 1998 found that 85 per cent of respondents, when asked why they had visited a particular LBO, said that it was because of its location, proximity or nearness. The next most popular reasons were good and friendly staff, at 19 per cent, and the quality of service provided, at 9 per cent. Only 2 per cent said that it had been because of better odds, ante-post or early prices.

Number of different bookmaking companies and LBOs visited

23. The Quaestor (1) survey for William Hill reported that there was more customer loyalty to a particular LBO and brand than it had found in 1994. The 1997 survey found that about 42 per cent of William Hill's and about 40 per cent of Ladbroke's customers used only the one LBO. Similarly, about 54 per cent of William Hill's and about 52 per cent of Ladbroke's customers used only the LBOs operated by the one bookmaker. When respondents were questioned about why they varied the outlet used, the reasons included convenience factors (quoted by 71 per cent), prices (10 per cent) and liking a change (5 per cent).

24. These proportions of punters who were loyal to particular LBOs or bookmakers tended to be higher for female customers, for older customers, for those in the lower socio-economic groups, for customers placing fewer bets per week and for those with lower average bet sizes (under £5). Thus, it appeared that those placing more and larger bets were more likely to use more than one outlet.

25. The survey evidence suggests that more than half (and perhaps as much as two-thirds) of all Ladbroke's, Coral's and William Hill's punters are loyal to the respective brands and only bet in outlets owned by that particular company (Quaestor (1), Quaestor (2) and RSL 1994). It appears to be the regular punters who are more likely to shop around, though RSL 1994 showed that 40 per cent of regular betters still used only the one brand. The Icon 1996 study suggests that regular betters tend on average to use 2.3 LBOs, while irregular betters' average was lower at 1.8 LBOs. These research findings suggest loyalty to particular LBOs and some significant brand loyalty, but with a somewhat greater propensity for regular betters to be prepared to shop around.

26. The two Quaestor studies also looked at the punter's propensity to shop around for price advantages. Quaestor (1) found that 30 per cent of respondents agreed (either strongly or slightly on a five-point scale) that they liked to shop around for bets. Those agreeing tended to be male, high spenders and those who placed more bets. Quaestor (2) found that 64 per cent of the sample agreed strongly or slightly that they did not shop around for price offers since there was little difference in prices. It is noteworthy that serious betters were less likely to agree with that statement. Punters do, however, apparently consider that the speed of price updates is one of the most important services an LBO can provide.

27. Further evidence of the number of different bookmakers used by regular punters is given in Table 12. This shows a higher proportion of punters betting at least once a month who are loyal to one particular bookmaker (61 per cent) than found by the Quaestor (1) survey mentioned in paragraph 23 (52 to 54 per cent).

TABLE 11 Statements of what people have said is important when visiting an LBO

Base:	Scores achieved by different bookmakers*					
	Regular customers† (453)	Irregular customers‡ (394)	Ladbroke (461)	Coral (228)	William Hill (299)	Others (233)
The bets are paid out promptly in the shop	89	86				
The bets are settled accurately in the shop	89	85				
The shop is conveniently located	87	86				
It is quick to place a bet in the shop	87	85				
The shop has efficient/knowledgeable staff	87	82				
The shop has friendly staff	87	81				
There is always a good supply of pens and betting slips in the shop	85	78				
They deal with queries/complaints promptly	85	78				
The maximum payout is high	84	74				
The shop has a good reputation	83	78				
The screens are easy to see in the shop	83	70				
The shop has good television coverage	83	65				
I feel at ease in the shop	82	77				
The staff treat you as an individual	82	77				
The manager is professional	82	74				
The shop offers better odds	82	70				
Information on bets and odds is easy to understand in the shop	81	73				
Information on bets and odds is easy to find in the shop	81	72				
The manager is always available if needed	81	72				
The shop has a wide range of interesting bets	81	65				
You are able to bet on a wide range of events	79	64				
The shop has interesting and informative commentaries	78	61				
There is a good spirit amongst the customers in the shop	76	64				
The shop offers a good range of early prices	76	59				
The shop is modern and up-to-date	75	69				
The counters are clean and tidy in the shop	74	71				
The shop is in a pleasant location	73	72				
The inside of the shop is clean and tidy	73	71				
The shop has good air-conditioning/is well ventilated	72	70				
The shop is well laid out	72	62				
The shop has an exciting atmosphere	69	59				
The shop has attractive special offers	68	54				
The shop has customer toilets	67	50				
The shop is part of a big company with lots of other shops	66	64				
The shop has good seating facilities	65	50				
The shop is bright and colourful	64	62				
The outside of the shop is well maintained and inviting	63	64				
The shop is a good place to meet my friends	63	41				
The shop is not smoky	58	61				
The shop offers privacy	58	52				
The shop is open in the evening	56	37				
The shop has attractive front windows	53	52				
The shop is open on Sundays	53	35				
It is an independent bookmaker	48	42				
Hot and/or cold drinks are available in the shop	48	39				
They have a telephone betting service	46	39				
They advertise regularly in the sporting press	44	34				
Light snacks/confectionery are available in the shop	42	35				
Charity scratchcards eg Lucky Lotto are available in the shop	35	31				
They have fruit machines in the shop	27	27				
Mean score	70	62	‡	‡	‡	‡

Figures omitted.
See note on page iv.

Source: Ladbroke, from Icon 1996.

*Based on a scoring system that ranged from 2 (strongly agree with the statement) to -2 (strongly disagree). The 'Others' were Stanley, Tote Bookmakers, Done Brothers, Coomes, Jack Brown Group, Gus Carter and A R Dennis.

†The question asked was 'I am now going to give you a pack of statements containing things which people have said are important when visiting a betting shop. Thinking of this last time you visited a betting shop how important or unimportant were each of these statements to you? I have a scale of 1 to 10 where 10 is very important when you are choosing a betting shop to visit and 1 was not at all important. Can you enter a value between 1 and 10 to indicate how important or unimportant the following statements were when you last visited a betting shop. If you cannot answer or the statement is not applicable write X.' The numbers in the two columns represent the resulting scores on a scale from 0 to 100.

‡When we asked for these mean scores Ladbroke said that, because the straight mathematical calculation ignored the relative importance of each need, the mean scores were irrelevant and inappropriate in the context of the need statements presented in this table.

TABLE 12 **Number of different bookmakers used in the last month**

Base: regular customers (790)

Number of bookmakers used	%
1	61
2	26
3	8
4 or more	3
Not stated	2

Source: Ladbroke, based on Icon 1998.

28. Three of the research studies (RSL 1994, Icon 1996 and 1998) addressed particularly matters of branding, brand and advertising awareness and brand image. The general impression we gained from the findings of this research work is that there is strong name awareness in respect of each of the three major brands (Ladbroke, William Hill and Coral), but that there tends not to be much differentiation between brands (for example, the Icon 1996 report commented 'There is low discrimination between brands in this market').

29. The findings of the awareness studies in respect of LBOs and bookmaking companies appeared to place Coral substantially ahead of Stanley and the Tote, though this may be as much related to the number and geographic spread of LBOs as to any inherent strength of the Coral brand. In some of the studies, Coral outperformed its larger competitors on store environment, convenience of location, brand image among regular punters and the degree to which it is trusted.

30. Compared with brand awareness, punters' awareness of having seen advertisements by particular bookmakers appears to be much lower for all bookmakers even among regular punters.

Number of bets per visit

31. Table 13 shows information available on the number of slips placed per visit. The Quaestor (1) study showed an average number of slips of 2.6, with around two-thirds of customers placing only one or two slips per visit. The Icon 1998 study showed similar results for regular customers. The RSL 1997 study (which was limited to those who bet on horses at least once a week) showed a higher average number of slips. Table 14 shows that, as would be expected, regular customers tend to place more slips than do irregular customers: two-thirds of irregulars tend to place only one slip.

TABLE 13 **Number of slips placed per visit**

	<i>per cent</i>		
	<i>Icon 1998*</i>	<i>Quaestor (1)†</i>	<i>RSL 1997‡</i>
Base:	(779)	(1,530)	(904)
<i>Number of slips</i>			
1	33	36	21
2	30	29	17
3	15	14	15
4	10	8	10
5	4	} 11	10
More than 5	8		25
Mean	2.7	2.6	More than 4

Source: Ladbroke and William Hill.

*Number of slips placed per visit by regular customers, excluding those saying 'Don't know'.

†Number of bets placed today (William Hill and Ladbroke customers).

‡Number of slips placed/intend to place today.

TABLE 14 Number of slips placed by regular and irregular punters each visit

	<i>per cent</i>					
	<i>Regular customers</i>			<i>Irregular customers</i>		
<i>Base:*</i>	<i>Ladbroke</i> (377)	<i>Coral</i> (116)	<i>All</i> (779)	<i>Ladbroke</i> (368)	<i>Coral</i> (97)	<i>All</i> (827)
<i>Number of slips</i>						
1	30	39	33	61	66	63
2	31	28	30	23	22	21
3	15	9	15	5	7	7
4	11	11	10	5	2	3
5	6	3	4	2	-	2
More than 5	7	9	8	2	3	4
Mean	2.8	2.5	2.7	1.8	1.6	1.7

Source: Ladbroke, based on Icon 1998.

*Regular and irregular betters (excluding those saying 'Don't know').
 Note: The data do not always add up to 100 per cent because of rounding.

Length of visit

32. Table 15 shows the lengths of time customers say they spend in an LBO. The Icon 1998 results suggest that, on average, regular customers spend around 30 minutes in an LBO, with one-third of customers staying fewer than 10 minutes. The Quaestor (1) results are similar, but the RSL 1997 study found longer stays, with around 40 per cent of those visiting an LBO at least once a week staying an hour or more. This may be because the RSL research focused on those punters who placed a bet at least once a week. Stay time is much lower for irregular than regular customers (see Table 16). Around a half of irregular customers said that they stayed for 5 or fewer minutes compared with only a third of regular customers. Stay times in Ladbroke's and Coral's LBOs are very similar.

TABLE 15 Length of time spent in an LBO

	<i>per cent</i>			
<i>Base:</i>	<i>Icon</i> 1998 (782)	<i>Quaestor</i> (1) (1,530)	<i>RSL</i> 1997 (904)	
Fewer than 5 minutes	13	} 33	8	
5 minutes and up to	20		11	
10 minutes and up to	19	} 40	11	
15 minutes and up to	10		} 15	14
20 minutes and up to	6			13
30 minutes and up to	12	13	40	
60 minutes or more	20*			
Mean (minutes)	30	N/A	30†	

Source: Ladbroke and William Hill.

*Over 30 minutes.
 †About 35 minutes in the case of regular punters.
 Note: The data may not always add up to 100 per cent because of rounding.

TABLE 16 Length of time spent by regular and irregular customers in an LBO, Ladbroke versus Coral

per cent

Base:*	Regular customers			Irregular customers		
	Ladbroke (378)	Coral (117)	All (782)	Ladbroke (367)	Coral (98)	All (828)
Fewer than 5 minutes	13	12	13	12	14	16
5 minutes	19	23	20	34	38	33
10 minutes	20	13	19	31	22	27
15 minutes	8	15	10	8	10	7
20 minutes	6	3	6	5	5	5
30 minutes	11	15	12	6	4	6
Over 30 minutes	23	19	20	4	7	6
Mean (minutes)	30.2	29.0	30.1	12.9	10.5	13.0

Source: Ladbroke, based on Icon 1998.

*Regular and irregular betters (excluding those saying 'Don't know').

Note: The data may not always add up to 100 per cent because of rounding.

Size of bets and stakes

33. The research findings on betting expenditure are a little difficult to assess because of the scope for variations in the number of bets on a betting slip and problems in distinguishing between expenditure on a slip (ie possibly covering more than one bet) and expenditure on each bet. The RSL 1994 survey found that punters spent an average of about £8 spread over two to three slips. Quaestor (1) found an average of seven to eight bets a week with an average outlay per bet of a little over £5 and an average of 2½ bets placed each day the LBO was visited. Quaestor (2) found that Ladbroke's punters tended to place about 9 bets a week and William Hill's about 10 to 11 bets a week; the average size of bet was nearly £[£] for Ladbroke but over £[£] for William Hill.

34. The Icon 1998 survey distinguished not only between Ladbroke, William Hill and Coral but also between regular and irregular punters. A distinguishing feature was that regular punters spent on average £11 to £13 a visit and irregular punters £5 to £6. The RSL 1997 survey found that an average of four slips on horse-race betting with an average expenditure of £5 per slip was typical of the average punter's activity (see Table 17). Both Ladbroke and William Hill said that the average amount spent was about £5 per bet. William Hill told us that the RSL 1997 survey showed that those spending over £10 per bet accounted for about 14 per cent of slips placed (see Table 17) but for 55 per cent of turnover: this claim was strengthened by evidence that those placing the biggest bets also placed the most bets.¹ Ladbroke told us that a representative sample of 75 of its LBOs showed that 72 per cent of all horse race bets and 75 per cent of all BAGS greyhound-race bets were for a stake of under £[£].

TABLE 17 Average perceived spend per slip on horse-race bets

Amount spent	%
£1	8
£1.01–£2.00	25
£2.01–£3.00	15
£3.01–£5.00	22
£5.01–£10.00	14
£10.01–£15.00	4
£15.01–£20.00	4
£20.01–£30.00	3
£30.01–£50.01	1
£50.01 and over	2
Total	100

Source: RSL 1997.

¹William Hill quoted from the Marketing Sciences 1994 research report in support of this claim, saying that it had no reason to believe the situation had changed since 1994.

35. Table 18 shows the average amount customers said they had staked on their last visit to an LBO. The Icon 1998 study shows an average amount spent of £10.50, but the Quaestor (1) study implies a slightly lower figure. The Icon 1998 data show that 16 per cent of regular customers spend £20 or more and consequently account for a substantial proportion of spending:¹ this finding is thus broadly consistent with William Hill's suggestion that about 14 per cent of customers account for 55 per cent of turnover. The average spending shown in Table 18 is rather lower than expected on the basis of average spend per slip implied by the data in Table 17 and average number of slips per visit shown in Table 13. As might be expected, regular customers have a higher average stake than do irregular ones (see Table 19). Ladbroke's and Coral's regular customers show a similar level of stake, though Coral has a larger proportion of stakes under £10 (18 per cent compared with 16 per cent at Ladbroke).

TABLE 18 Size of stake per visit

	<i>per cent</i>	
<i>Base:*</i>	<i>Icon 1998* (759)</i>	<i>Quaestor (1) (1,530)</i>
Less than £1	-	} 20
£1–£1.99	10	
£2–£2.99	14	} 28
£3–£4.99	18	
£5–£9.99	24	20
£10–£19.99	18	} 29
£20–£50	13	
Over £50	3	
Mean (£)	10.5	N/A

Source: Ladbroke and William Hill.

*Regular customers (excluding those saying 'Don't know').

Note: The data may not always add up to 100 per cent because of rounding.

TABLE 19 Size of stake per visit by regular and irregular customers

	<i>per cent</i>					
	<i>Regular customers</i>			<i>Irregular customers</i>		
<i>Base:*</i>	<i>Ladbroke (368)</i>	<i>Coral (114)</i>	<i>All (759)</i>	<i>Ladbroke (365)</i>	<i>Coral (96)</i>	<i>All (798)</i>
Less than £1	3	2	-	1	1	1
£1–£1.99	8	9	10	15	17	17
£2–£2.99	13	17	14	25	25	24
£3–£4.99	14	20	18	10	9	8
£5–£9.99	24	21	24	27	27	26
£10–£19.99	20	17	18	14	19	16
£20–£50	14	8	13	7	1	7
Over £50	3	6	3	-	-	-
Mean (£)	11.2	10.9	10.5	6.4	5.0	6.0

Source: Ladbroke, based on Icon 1997.

*Regular and irregular bettors (excluding those saying 'Don't know').

Note: The data may not always add up to 100 per cent because of rounding.

¹The Icon 1998 data in Table 18 are grouped and suggest that the 16 per cent of regular customers spending £20 or over account for between 39 and 63 per cent of total spending by regular customers. It is known that most bets are for exact amounts such as £1, £2, £3, £4, £5, £10, £20 and £50 which occur at the lower end of each price group (apart from the two highest price groups), and this suggests that the percentage is more than 50 per cent.

Telephone betting

36. The proportion of the total population who bet by telephone is very small (about 0.4 per cent). As with those who visit LBOs, they can be broken down into regular (41 per cent of customers), irregular (39 per cent) and occasional users (20 per cent). When compared with telephone customers in general, regular users of telephone betting services tend to be male and in the 35 to 54 age group; irregular telephone users tend to be younger than do the regular ones (see Table 20). Telephone users in general tend to be from higher socio-economic groups.

TABLE 20 Customer profile of people who use telephone betting services

Base:	Regular users (36)	Irregular users (52)	All users of telephone betting services (128)	per cent UK population
Male	89	83	84	48
Female	11	17	15	52
18-34	22	38	31	32
35-54	50	31	36	35
55+	28	31	33	34
ABC1	58	44	60	49
C2	22	23	18	22
DE	17	33	21	29
Married	N/A	N/A	51	N/A
Not married	N/A	N/A	46	N/A
Working	N/A	N/A	68	55
Not working	N/A	N/A	32	45

Source: Ladbroke, based on Icon 1998 and Gamblertrack omnibus surveys in 1996 and 1997.

Note: The data may not add up exactly because of refusals or 'not stated' responses. Given the small sample sizes, the data should be regarded as only broadly indicative.

37. Ladbroke told us that the Icon 1998 study had shown that about 2 per cent of LBO customers also bet over the telephone (Ladbroke said that the small sample size meant the reliability of this figure was low). These customers were predominantly regular LBO visitors (80 per cent regular and 20 per cent irregular). The source of these data is the Icon Tracking Survey 1997.

Average number of telephone accounts

38. A survey of its telephone betting customers conducted by Ladbroke in 1997 showed that the average number of other accounts held by Ladbroke's telephone betting customers was [§]. The most popular other account was one with [§]. *Details omitted. See note on page iv.* Next were [§]. *Details omitted. See note on page iv.* (Ladbroke pointed out that these findings should be treated cautiously as the research was based on self-completion with no controls on response rates from different groups.)

39. Betting by telephone is in some ways very different to betting in an LBO. Whereas the typical LBO customer spends about half an hour on each visit to a Ladbroke LBO (see Tables 15 and 16) and bets on two or three races with cash, the telephone betting customer simply makes a quick telephone call and bets either on a credit account or using a debit card (a small percentage may also bet against money deposited with the telephone betting operator). Not surprisingly, therefore, there are many aspects of the telephone bet transaction which are different from that of a betting transaction in an LBO.

40. We were told that during 1997 Ladbroke had [§] active credit customers who made an average of [§] calls to Ladbroke. Over the same period, its [§] debit card customers made an

average of [£] calls to Ladbroke. The average stake per handled call¹ during 1997 for Ladbroke's customers was £[]. The stake per call from credit customers is higher than for debit card customers. The distribution of stakes per call was as follows:

<i>per cent</i>	
<i>Credit customers</i>	<i>Debit customers</i>
<div style="display: inline-block; vertical-align: middle;"> { <div style="text-align: center; padding: 0 10px;"> <i>Details omitted. See note on page iv.</i> </div> } </div>	

Customers placed an average of [£] bets per call (similar for credit and debit card customers); this excludes the [£] per cent of calls that did not result in a bet.

¹Handled calls include calls where a bet is not struck during the call.