

Behavioural Economics

Betting in Sheffield

By Gabriele Sinikaite

Thecasesolution.com



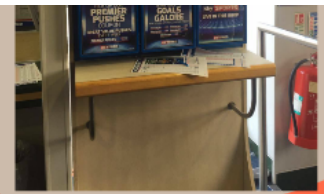
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Standard economic theory and Homo economicus

Homo economicus is a person who is:

- ***Rational***
- ***Selfish***
- ***Unlimited computational capacity***
- ***Doesn't make mistakes***

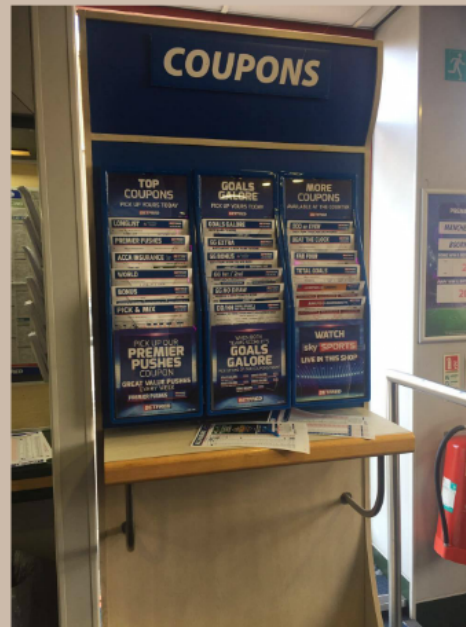
However, most of the time, it is not the case!





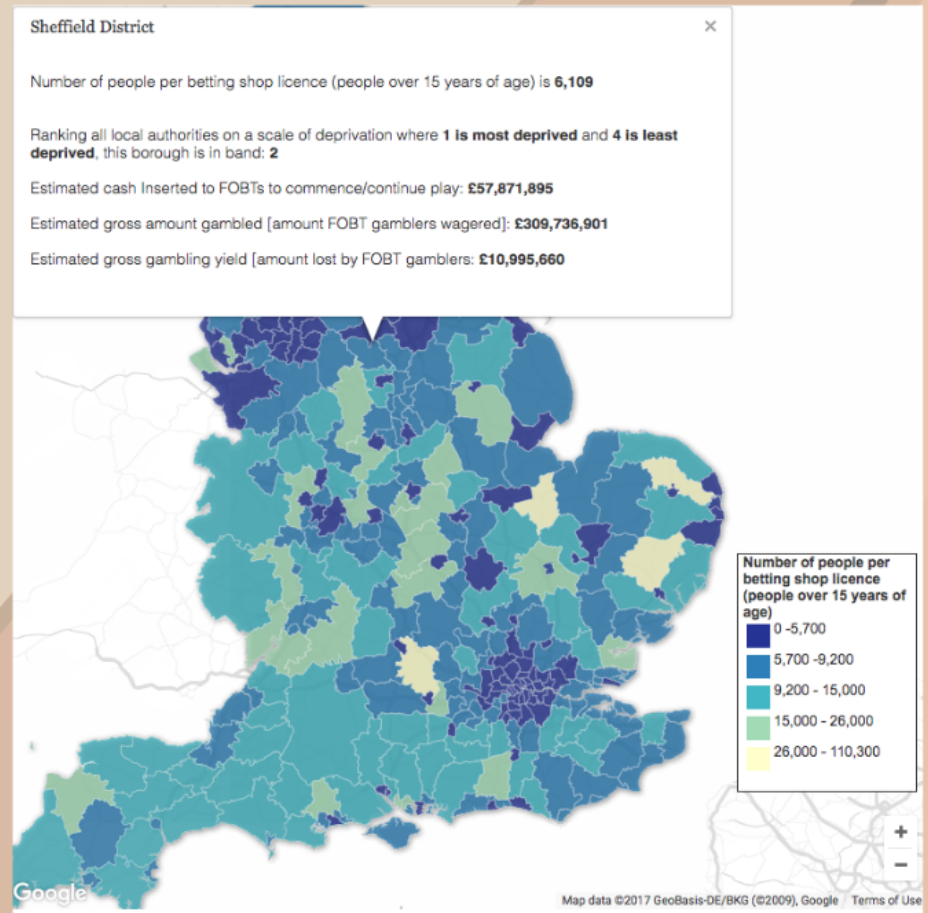
Betting

- *Standard economic theory cannot explain why people continue to bet even though they know that ultimately they will lose*
- *95% of people said YES to continuing to bet even if they keep losing*
- *70% of people agreed that "The house always wins"*
- *75% of males and only 25% of females did my betting survey (rational choice theory assumes that gender has no effect on decision making)*



Betting in UK and Sheffield

- *Organised betting on sporting events has been a part of urban social culture for over 150 years*
- *Betting shops look to offer customers a service namely the opportunity to strike a bet, or financial wager.*
- *9000 betting shops in Britain (Association of british bookmaker)*
- *40,000 employees nationwide (Association of british bookmaker)*
- *3% of the population are regular customers (mintel.com)*
- *Betting industry is key contributor to the UK economy, directly generating £2.3 billion towards UK GDP (Association of british bookmakers)*



Problems with Betting

- **Addiction.** *The anticipation and thrill of gambling creates a natural high.* (www.nhs.uk)
- **Gambling addiction costs NHS more than £1.2bn a year** (Davies, 2016)
- **Sheffield city centre is in danger of being overrun with betting shops** (Blomfield, 2013)
- **Cash shop strategically placed next to betting shops (to take advantage)**



Davies, R. (2016) Problem gambling costs UK up to £1.2bn a year, says report [Online] Available from: <https://www.theguardian.com/society/2016/dec/13/problem-gambling-gambleaware-ipp> [Accessed: 17th of March, 2017]

Blomfield P. (2013) Stop 'betting shop invasion' on Sheffield city centre - campaigners [Online] Available from: <http://www.thestar.co.uk/business/stop-betting-shop-invasion-on-sheffield-city-centre-campaigners-1-6079562>http: [Accessed: 15th of March, 2017]

Gambling addiction [online] Available from: <http://www.nhs.uk/Livewell/addiction/Pages/gamblingaddiction.aspx> [Accessed: 16th of March, 2017]

Behavioural economics

- *Behavioural economics is a sub field of economics that focuses on psychological, social and emotional factors that influence decision-making*
- *People do not always make rational decisions*
- *People can be impulsive, short sighted and just plain irrational.*
- *Behavioural economics can help explain and understand the human behavior such as Betting*

