

The Illusion of Control, the Structure of Prizes and the Demand for Football Pools in Spain

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This paper is concerned with the analysis of the demand for football pools in Spain. The analytical framework is based on the existing literature for the demand for “lotto”, as a pari-mutuel game, but taking into account the special and distinguishing features of the Spanish football pools in terms of the game design. A football pool is composed by a list of fourteen football matches for which the player has to select the final result (home team win, draw or visitor’s win) and, consequently, the player has a real illusion of control and derives pleasure from participating. Using data for all the fixtures for seasons from 1972-73 till 2002-03, we estimate a dynamic demand equation paying attention to whether their main economic explanatory variable is the effective price of a ticket (the nominal price minus the expected value of prize payments per ticket) or the jackpot. We also take into account (and measure) the effect of the introduction of a standard “lotto” game in Spain in 1985 with important jackpots. Additionally, we evaluate the importance of the composition of the list of games in terms of whether First Division matches are included or not. Results show that jackpot model is preferred to the effective price model, which has important implications in terms of how the structure of the game should be changed in order to increase demand. The introduction of the “lotto” game in Spain represented an estimated long run reduction in ticket sales of 38%. Some calendar variables also have significant negative effects on ticket sales: Easter and Christmas holidays, fixtures in Wednesday and a trend within the season. Finally, the absence of matches played by First Division teams in the list of the football pool represents a 71.5% reduction in ticket sales.