



# Bonus Offers

An overview of responsible gambling research on bonus offers



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## Bonus Offers:

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### *What is the topic?*

Many gambling operators offer bonuses to attract, retain, and motivate players, often called inducements in the research literature. Bonuses might be personalised or generic, whether accessed inside the gambling platform, by email, or from a general advertisement. This analysis focuses on bonus offers as a marketing activity offered outside the game setting, rather than in-play bonus features that occur in some slots games, such as being offered free spins mid-game.

### *Why is it important?*

Since bonus offers are so common in many jurisdictions, key responsible gambling questions include whether bonus offers encourage additional play, how players feel about bonus offers, and whether bonus offers increase the risk that players go on to experience harm. Bonus offer marketing is a highly visible aspect of commercial activity and potentially a high-interest target for regulatory restrictions. Research has a role to play in supporting regulatory effort to be well targeted to the highest risk areas and to inform operator ambitions to reduce player risk levels. Playtech Protect has been working with Swiss Casinos recently to discuss these issues; our thanks to Swiss Casinos for supporting the research.

### *What did the research do?*

Our review sought to understand the academic insights and evidence quality around the potential risks associated with gambling bonus offers. We scanned English language peer-reviewed publications published from 2000 to the present, identifying 129 papers to review. 30 papers were identified as highly relevant to the topic of player reactions to bonus offers and potential player risk, forming the basis of several key questions for this note, each of which is summarised below.

### *What did the research find?*

#### *1. How can bonus offers be categorised?*

Professor Hing in Australia and her research partners have published the most papers in our literature review, spanning work from categorisation and prevalence through to consumer perceptions and impact on harm. In one study, they identify 223 separate inducements across 15 generic types: sign-up offers, refer-a-friend offers, happy hours, mobile betting bonuses, multi-bet offers, refund/stake-back, matching stakes/deposits, winnings paid for 'close calls', bonus or better odds, bonus or better winnings, competitions, reduced commission, free bets to selected punters, cash rebates, and other free bets (Hing et al, 2017a). Related activities that have typically been addressed less in academic research include: providing credit for betting, loyalty programmes, comps and affiliate referral programmes, special prize draws, and real-time in-play bonuses.

The researchers remarked that all inducements were subject to complex terms and conditions. In a later study, 299 Australian sports bettors were asked to read the T&Cs: 58% under-estimated the

true play-through conditions (\$300), with a median estimate of \$200 (Hing et al, 2019b). Knowing the true cost reduced interest in the promotion.

## *2. Do bonus offers encourage additional play?*

The academic research broadly endorses the commercial assumption that bonuses succeed in encouraging more betting with a particular operator across a range of player groups and settings. However, the majority of these studies are qualitative in nature, so it is typically unclear exactly how much wagering might be influenced by bonus offers – and to what extent wagers or losses would exceed typical spend less the value of the bonus itself.

Studies that are quantitative tend to find fairly small effects only and do not have full visibility of participants' gambling, so it is unclear how much of the change in gambling is driven by switching spend from another gambling activity to the operator providing the bonuses (e.g. Balem et al, 2022; Challet-Bouju et al, 2020). Some evidence suggests bonus offers cost operators more money than they earn in the short-term unless severe play-through conditions are present (Lucas et al, 2005), meaning that longer term and more advanced studies are required to quantify the risks involved beyond short-term financial loss. One study suggests that bonus offers can induce players to favour longer odds (Rockloff et al, 2019), although the risk implications of this are not certain, especially where players are taking a one-off “shot-to-nothing” with house money.

## *3. How do players feel about bonus offers?*

Among a representative survey of online gamblers in the UK<sup>1</sup>, a group typically receiving a high number of bonus offers, incentives appeared to be liked and disliked by recipients in equal proportions. Just under half felt they received too many. Most felt their gambling was not influenced by receiving incentives (61%), although with slightly more influence reported by problem gamblers.

Discussions with at-risk and problem gamblers tend to reveal concern about price-related promotions and the usage of cognitive biases to promote uptake (e.g. Lopez-Gonzales et al, 2020; Syvertsen et al, 2020). Most such gamblers, often heavy or regular gamblers, receive a large number of bonuses and special gifts. Such gifts were often welcomed (even actively sought or manipulated) during periods of active play but disliked during periods attempting to reduce play. Discussions with general population gamblers find that inducements can reduce feelings of risk, since the play is subsidised with operator money, and can lead to more impulsive play, with some concerns about potential journeys into at-risk gambling (e.g. Nyemcsok et al, 2018; McGee, 2020).

## *4. Do bonus offers increase the risk that players experience harm?*

Bonus offers are so prevalent in gambling, particularly online gambling, that it is hard to find individuals with very little exposure to such offers. Given that the majority of gamblers are understood not to be at risk, this suggests that simple exposure to typical bonus offers is not a major risk factor in its own right. However, there may be heightened risks for particular types of bonus offer, particularly intense periods of offering, or particular subgroups of gamblers.

We identified no studies that elicit causal evidence according to modern econometric standards, i.e. objective measures of changing player risk over time that can be associated with bonus offers,

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<sup>1</sup> <https://www.gamblingcommission.gov.uk/about-us/guide/consumer-experiences-and-attitudes-to-free-bets-and-bonuses>

adjusting for confounding effects and implemented in an ecologically-valid setting. Nonetheless, qualitative discussions with gamblers testify that there is a mechanism of influence here, even if the scale of effect is unclear. As such, it is reasonable to adopt a cautious approach to bonus offers, while permitting prudent use as a marketing tool for an offer appreciated by many players.

### *What are the implications for industry and policy?*

The academic literature is limited in its ability to inform practical responsible gambling policy setting for operators, although the vast majority of researchers call for stronger regulation of bonus marketing, including restrictions on prevalence in general, improved clarity of T&Cs, and greater care concerning possible cognitive biases. The evidence is limited in its ability to address questions around causal effects, quantified effects, and the medium-term effects on total consumption, and limited in its ability to analyse relationships in terms of specific bonus offer types and frequency. The ideas about specific bonus types in the recommendations are typically based on qualitative insights from a small sample and should be considered tentative hypotheses, to act on out of caution or test in field experiments, rather than firm conclusions at this stage.

### *What reasonable action might be taken today?*

Reducing marketing and financial inducements has long been identified as one of the steps operators could take to reduce problem gambling. However, there is less precision in where or how to reduce such marketing, rather than advocating for reductions in general. Reviewing the literature, some tentative ideas for specific actions can be raised for discussion:

- a) Treat persistent requests for bonuses from players as a flag of possible risk, prompting follow-up and appropriate intervention.
- b) Reduce or remove push bonus marketing to players thought to be at risk. Issues of fairness may need to be considered so that players do not feel punished by not receiving offers/money their peers have, e.g. ensuring bonuses of similar monetary value remain available elsewhere (but not pushed to players).
- c) Be cautious about bonus offers that encourage volume purchasing, such as multi-bets or bonuses with large play-through conditions, or de-emphasise the levels of risk involved (“risk-free” bets is misleading phrasing, as encouraging impulse betting can lead to follow-on bets).
- d) Consider competing with other operators/leisure activities via transparent T&Cs and high visibility of attractive play-through conditions, rather than a large headline financial incentive. Be upfront about play-through conditions, with consistent messaging structure across all offers.
- e) Be cautious about targeted in-game bonus marketing e.g. freespins offered after a big loss, which could lead to risk if players start to expect them and factor them in to riskier stakes.
- f) Reduce the emphasis on types of betting offers that encourage betting disproportionately among problem gamblers. Empirical evidence is nascent on this, but one small scale study found problem gamblers may particularly favour in-play micro-bets (Hing et al, 2017b).

Bonuses are a big part of the gambling experience, very widespread and often appreciated by players. Including bonus offers in regulated offerings in a responsible manner is likely an important component in not driving some players to higher risk, unregulated, potentially illegal sites, unless accessing such sites can be prevented through other means. However, operators should consider ways to increase the transparency of bonus offers, including clear examples of the amount of play likely to be required



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to receive the bonus, implement more effective targeting, and offer players more control over the type and volume of bonus offers they receive.

*How can I find out more?*

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