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Instant-win products and prize draws: Are these forms of gambling?



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Abstract

Instant-win marketing and prize draws are not particularly new but many companies (particularly in the U.K.) appear to be aiming them at younger age groups. This brief paper argues that some children appear to "chase" their losses on instant-win products in the same way a gambler chases losses, and that they are a form of adolescent gambling or, at the least, a gambling precursor. This paper also briefly overviews the prize draw culture in the U.K. Policy recommendations for both instant-win and prize draw products are outlined.

Introduction

Consider the following scenario:

A nine-year-old boy walks into a shop and buys a packet of potato chips. An eight-year-old girl walks into the same shop and buys a chocolate bar. Nothing particularly unusual except this particular packet of potato chips poses the question "Is there a spicy £100,000 inside?" in big letters on the front of the packet with the added rider

"1000's of real £5 notes to be won!" *The bar of chocolate offers "£1 million in cash prizes — win instantly. Look inside to see if you're a winner!!" The boy opens up the bag of crisps but it contains nothing but crisps. He is very disappointed. The little girl opens up the chocolate bar and sees the all-too-familiar phrase "Sorry. You haven't won this time but keep trying. Remember there's £1 million in cash prizes to be won." She too is very disappointed. Both of them decide to buy the product again to see if their luck will change. It doesn't. This time a different chocolate bar reads, "Sorry this is not a winning bar. Better luck next time!" The most they are likely to win is another packet of crisps or chocolate.*

This scenario describes a typical instant-win product (a consumer buys a particular product with the chance of instantly winning something else of financial value). This type of instant-win marketing has been around for some time and is not particularly new, but many companies (particularly in the U.K.) appear to be aiming it at a younger age group. In a different environment, it could be argued that these two children are "chasing" their losses in the same way gamblers chase theirs.

After losing money in gambling activities, gamblers often gamble again straight away or return another day in order to get even. This is commonly referred to as "chasing" one's losses. Chasing is symptomatic of problem gambling and is often characterized by unrealistic optimism on the gambler's part. All bets are made in an effort to recoup their losses (Lesieur, 1984). The result is that instead of "cutting their losses" gamblers get deeper into debt. They preoccupy themselves with gambling, determined that a big win will repay their loans and solve all their problems. Although not on this scale, the scenario outlined at the start of this paper appears to be a chasing-like experience akin to that found in gambling. To children, this type of behaviour as a whole appears to be a gambling-type experience and is similar to other gambling pre-cursors that have been highlighted in the literature such as the playing of marbles and card flipping (Griffiths, 1989; 1995).

Products like crisps and chocolate are popular and appeal not only to the young but to adults too. However, the fact that such promotions are often coupled with the appearance of teenage idols (e.g. famous pop groups such as the Spice Girls, or top soccer sporting heroes) suggests that it is the younger generation that is being targeted. Whether this is a deliberate ploy or whether it is a coincidence remains to be seen. Other manufacturers include free gifts (e.g. stickers, tazos, stand-up cards, etc.) aimed directly at the under-14 market. Many of these children buy these products in the hope they will get one of the free gifts. Like the offer of instant cash prizes, these promotions advise in the small print on the back that "no purchase is necessary."

Manufacturers of instant-win products claim that people buy their products because customers want them. They further claim that the appeal of a promotion is secondary to the appeal of the product. This may well be true with most people but instant-win promotions obviously increase sales otherwise so many companies would not resort to them in the first place. It would appear that most people have no problem on moral (or other) grounds with companies who use this type of promotion. However, there are those (such as those who work in the area of youth gambling) who wonder whether this type of promotion in some way exploits a group of people that may be vulnerable (i.e. children and adolescents). The question to ask is whether young children and adolescents are actually engaging in a form of gambling by buying these types of products.

Gambling is normally defined as the staking of money (or something of financial value) on the uncertain outcome of a future event. Technically, instant-win promotions are not a form of gambling because the manufacturers are required by law to state that no purchase is necessary. This whole practice it is little more than a lottery except that in small letters at the bottom of the packet there is the added phrase "No purchase necessary — see back for details." However, few people would notice this, and furthermore, the likelihood is that most people would not take the steps to enter the draw this way — particularly children and adolescents.

The small print usually reads: *"No purchase necessary. Should you wish to enter this promotion without purchasing a promotional pack, please send your name and address clearly printed on a plain piece of paper. If you are under 18, please ask a parent or guardian to sign your entry. An independently supervised draw will be made on your behalf, and should you be a winner, a prize will be sent to you within 28 days."* This author has tried writing to companies to ascertain how many people utilize this route but (to date) has been unsuccessful in gaining any further information. It is highly likely that few people write to the companies concerned. There is also a high likelihood that the companies have the empirical evidence but, unfortunately, it is not available in the public domain. If it is assumed that the number of people who actually write to the companies for their names to be put into an independently supervised draw is low, it can be argued that, for all intents and purposes, people who buy instant-win products are engaged in a form of gambling.

Instant-win promotions as gambling precursors

Since the introduction of the U.K. National Lottery and instant scratchcards in the mid-1990s, a something-for-nothing culture appears to have developed. Children are growing up in an environment where gambling is endemic — a situation which certainly didn't exist before the introduction of the National Lottery.

In the U.K. national press, Nick Rhines of the Institute of Sales Promotions asserted that "as a result of the National Lottery, the nation has gone gambling mad. People aren't interested any more in collecting things to win prizes — the market has been driven by instant-wins." (*The Sunday Mirror*, October 19, 1998, p.23).

Having examined a variety of instant-win promotions, this author is in little doubt that they should be viewed as gambling precursors in that they are gambling-like experiences without being a form of gambling with which people can identify. It is not likely that great numbers of children will develop a problem with this activity, but the potential concern is that a small minority will. Research has consistently shown that the earlier a child starts to gamble the more likely he or she is to develop a gambling problem (Huxley & Carroll, 1992; Fisher, 1993; Winters, Stinchfield & Fulkerson, 1993; Griffiths, 1995; Gupta & Derevensky, 1998)

Evidence that instant-win products are problematic to young children is mostly anecdotal. For instance, this author recently appeared on a U.K. television programme (*Espresso*) with a mother and her two children (aged nine and 10) who literally spent all their disposable income on instant-win promotions. These two children had spent hundreds of pounds of their pocket money in the hope of winning the elusive prizes offered but never won more than another bag of potato chips. The mother claimed they had "the gambling bug," and was "terrified they will have problems when they grow up." She claimed she had done her utmost to stop them using their pocket money in this way but as soon as her back was turned they were off to the local corner shop to buy instant-win products. This wasn't just restricted to products they themselves enjoyed; for instance, when they went to the supermarket to shop, the children just filled up the shopping trolley with anything having an instant-win promotion, including tins of cat food — even though they didn't have a cat!

Policy recommendations for instant-win products

Harsh critics of instant-win promotions might advocate a complete banning of these types of marketing endeavours. However, this is impractical if not somewhat over the top. What is more, there is no empirical evidence (to date) that there is a problem. However, this does not mean that such practices should not be monitored. Instant-win marketing appears to be on the increase and it may be that young children are particularly vulnerable to this type of promotion, if anecdotal case study accounts are anything to go by. Furthermore, such gambling-type experiences further reinforce and socially condition young people that we live in a "something-for-nothing" type culture. In addition, there are other types of practice now occurring that appear of equal potential concern. For instance, free

scratchcard giveaways with newspapers and magazines. These require that readers (often in their early teens) scratch off the panels of the free scratchcards and then ring a premium rate telephone number to see if they have won a prize. There is a likelihood that some of these children will develop a craving for "the real thing" when they get older. Children easily get caught up in crazes and free scratchcard promotions are a good example of this.

In order to start addressing this potential problem, this author proposes some recommendations:

1. Companies should not directly or indirectly target young people with instant-win promotions, particularly on products like potato chips and chocolate, which are universally popular amongst children and which appear to be within a child's own small disposable income.
2. Scratchcards should not be given away with newspapers and/or magazines with a predominantly adolescent readership.
3. The case could be made for manufacturers to give as much information as possible about the product itself on the product label so that people can make informed choices about whether they buy the product in the first place or make a purchase for the chance of winning something. Although instant-win promotions state (in the small print) the number of possible prizes to win, there is no mention of the odds of winning. Admittedly, many people may not take much notice of this and young people may not understand odds and probabilities of winning anyway. However, the U.K. operators of the National Lottery are required to produce the prize structure, so why shouldn't instant-win promoters be required to do the same? At the least, people would know the chances of winning a particular prize.

Prize draws

In addition to instant-win promotions, prize draws also appear to be an important part of the marketing culture in the U.K., with companies appearing to be tapping into this newfound appetite for gambling and instant wins. Most prize draws appear to be a variation on a theme: retail outlets provide a leaflet in which the person simply has to fill out their name and address and/or answer a simple quiz-type question and send it back to the company with the chance to win products or prizes. These can either be picked up in the retail store itself or may come directly via the mail. Although there is a perception that most of the adult British public has become wary of junk mail and in-store promotions, there is clearly an appetite for prize draws. Again, like instant-win products, prize

draws are not problematic in themselves but they again play on people's something-for-nothing mentality, which contributes to the developing "instant-win" culture. The chances of winning on prize draws, while slim, are still much better than the odds of winning the U.K. National Lottery. What's more, it has been estimated that at any one time a total of £5 million in instant-win prizes is available to be won. If few people enter such draws then the probabilities of winning can be quite good.

A vast majority of people view prize draws as innocuous but they have not gone unnoticed by the U.K. regulatory bodies, having been independently investigated by both the Office of Fair Trading (OFT) and the U.K. telephone watchdog, for attempting to dupe a seemingly gullible public. Little seems to be known about the prize draw market, a view that was echoed in a paper by the OFT in September 1996 (*Gambling, Competitions and Prize Draws*) which listed the approximate percentage of money received by promoters and paid out in prizes. All parts of the gaming industry were listed except for the draws that had "insufficient data." Clearly, prize draws (unlike instant-win products) are not forms of gambling, although they clearly have similarities with gambling as outlined above.

Policy recommendations for prize draws

At present in the U.K., the field (like that of instant wins) is relatively unregulated and obviously plays on people's desires to get something for nothing. The system is open to abuse; therefore tougher measures are required. If the general public gets conned there is little that can be done about it. The OFT does not regulate prize draws as such nor does any public authority. We need something like the U.K. National Lottery Commission to regulate this field. Further recommendations in this area could include:

1. a stronger obligation to publish details of the winners (not personal details but general details)
2. a clear statement from the outset that some prizes may not be awarded
3. the legal stipulation that entry into a prize draw should not be described as a prize
4. one-off call fees for premium-rate telephone competitions rather than paying by the minute
5. the legal stipulation that competitions should not be aimed at children and adolescents
6. the legal stipulation that customers should not pay above the going rate for a product because of the draw

7. the legal stipulation that customers should not have to pay for the pleasure from the gamble (i.e. buying the pleasure along with the product).

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