Determinants of Consumer Intention to Use Online Gambling Services: An Empirical Study of the Portuguese Market

Nuno Fortes, Instituto Politécnico de Coimbra, ESTGOH, Coimbra, Portugal
António Carrizo Moreira, University of Aveiro, Aveiro, Portugal
João Saraiva, University of Aveiro, Aveiro, Portugal

ABSTRACT

Online gambling has skyrocketed in recent years. As such, knowing the determinants of consumer usage behavior is crucial in understanding online gambling services. This study has as main objective the construction of an explanatory model of the online gambling services usage behavior, based on the incorporation of perceived risk in the conceptual framework of the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2). The empirical validation of the model was performed by conducting an online survey to a convenience sample of 212 Portuguese online players. Data were processed using the PLS-SEM methodology. The results evidence that performance expectancy, social influence, facilitating conditions, hedonic motivations, price value, habits, as well as perceived risk influence the intention to use online gambling services.

KEYWORDS
E-marketing, Online Consumer Behavior, Online Gambling, Perceived Risk, UTAUT2

INTRODUCTION

As a result of technological advances and greater social tolerance, online gambling is now an activity with an increasing number of users. In fact, with the web 2.0 and the increasing ease of Internet access, online gambling companies realized that online presence was mandatory. Thus, since the early 1990s this is an increasing phenomenon.

Technological advances, greater social tolerance and the legalization of online gambling has led to the rapid growth of the online gambling industry that reached US$29 billion in 2012 (H2 Gambling Capital, 2013). This tremendous growth highlighted the importance of online gambling market regulation in the European Union, which shifted from a clandestine activity to an important source of revenue and employment (Laffey, Della Sala, & Laffey, 2015). With the increased ease of Internet access, online gambling companies realized that online pressure was mandatory.

While there are numerous studies on gambling addiction (e.g., Khazaal et al., 2013; Griffiths, Kuss, Billieux, & Pontes, 2016; Przepiorka & Blachnio, 2016), Yuan (2015) analyzed online gambling in China and concludes that not only lottery gamblers display irrational beliefs as they are strongly influenced by their winning history, but also they are significantly more likely to join a lottery package if it is proposed by proposers who has had higher rates of returns. Moreover, the site atmospherics has been overlooked in the study of online gambling as they affect gamblers’ behavioral intentions (Abarbanel, Bernhard, Singh, & Lucas, 2015). Recent technological advances
have facilitated online gambling through the use of tablets, smartphones, internet, and other online platforms, which have led to a huge supply of online casinos. With the low switching costs, marketing managers face a major challenge: to understand the factors that explain the online gambling and to use this knowledge to capture, retain and engage more and more users. There are few published studies in this area and this study is intended to help fill this gap.

The main objective of this work is to build and empirically validate a model of the determinants of behavioral intention to use online gambling sites, in order to understand and explain the online gambling phenomenon.

THEORETICAL FRAMEWORK

The Online Game

Online games started in Antigua and Barbuda in 1994 (Wood & Williams, 2007). Online Casinos started in 1995, and in 1997 the growth of online casinos skyrocketed: from 15 websites in 1996, to more than 700 in 1998 (Schwartz, 2006). Despite several attempts to ban Internet gambling in the United States and Canada, it thrived as a result of the development of gambling specific software and the development of “legitimized” business-like Internet casinos (Spectrum Gaming Group, 2010).

In 2010 there were 2679 Internet gambling websites owned by 665 different companies (H2 Gambling Capital, 2013). However many Internet gambling companies create multiple websites, brands and third-party sites or operators, which is accelerating the consolidation of this market. However, little is known about the main determinants of consumer intention to use online gambling services. The importance of the needed knowledge about online gambling is reinforced by Manzin and Biloslavo (2008) who claim that not only 6.82% traditional gamblers also gamble online, but also traditional gamblers are totally different than online gamblers.

For Wood and Williams (2007), the online game has some attributes that clearly distinguish it from traditional “brick and mortar” casinos. The most obvious attribute is the relative convenience, comfort and ease of the online game as people can play at anytime and anywhere (provided there is an internet connection).

The yielding potential is higher and online game costs are smaller due to lower costs compared to traditional casinos. On the other hand, with a few clicks gamblers can easily switch to another online competitor casino.

For online gamblers, an aversion to the traditional casinos atmosphere and clientele may be pointed out, as well as a preference for the pace and nature of the online gambling: the interaction with other players is virtual, i.e., the feeling of stress is not shared and the identity of the players is protected. Although Manzin and Biloslavo (2008) include two types of online gambling: gaming (casino style games), and betting or wagering, which include raring and sport events, in this study we refer to online gambling in broad terms.

UTAUT and UTAUT2

The Unified Theory of Acceptance and Use of Technology Model (UTAUT) is a theoretical model that merges the main theories about the acceptance of information technology in such a way that it explains the acceptance and use of information technology services, better than most other models (Lu & Lee, 2011).

Created by Venkatesh, Morris, Davis, and Davis (2003), this model aims to explain the intentions of information systems users and consequently their behavior. The model is based on the review and consolidation of the constructs of eight previous models, which sought to explain similarly the behavior of users in information systems: theory of reasoned action (TRA); technology acceptance model (TAM); motivational model (MM); theory of planned behavior (TPB); the combined model between theory of planned behavior and technology acceptance model (C-TPB-TAM); model of personal computer use (MPCU); innovation diffusion theory (IDT); and social cognitive theory (SCT).
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